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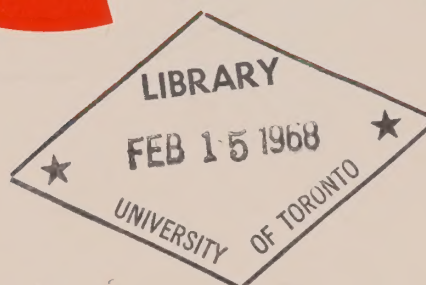
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DEPARTMENT OF INDUSTRY

CANADA

Review

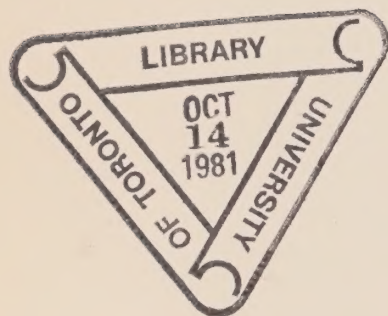


ANNUAL REPORT 1964



ANNUAL REPORT 1964

DEPARTMENT OF INDUSTRY • OTTAWA • CANADA



Roger Duhamel, F.R.S.C.
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MINISTER
OF
INDUSTRY



MINISTRE
DE
L'INDUSTRIE

Ottawa, February 15, 1965.

*His Excellency, General Georges P. Vanier, P.C., D.S.O., M.C., C.D.,
Governor-General of Canada.*

May it please your Excellency:

I have the honour to submit to your Excellency the report of the Department of Industry covering the period July 25, 1963 to March 31, 1964.

A summary of the operations and services rendered by this Department, under their respective headings, is laid before your Excellency.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "C. M. Drury", with a long horizontal stroke extending to the right.

C. M. Drury,
Minister of Industry.

Encl.

DEPUTY MINISTER
OF
INDUSTRY



SOUS-MINISTRE
DE
L'INDUSTRIE

Ottawa, February 15, 1965.

The Honourable C. M. Drury,
Minister of Industry,
Ottawa, Canada.

Dear Sir:

I have the honour to submit the first Annual Report of the Department of Industry, covering the period from the proclamation of the act establishing the Department on July 25, 1963 to March 31, 1964.

This period was largely devoted to the organization and staffing of the Department, although certain of the programs undertaken subsequently were planned during this initial period. Since this is the first report of the Department, I thought it desirable to report progress on some of these activities.

May I take this opportunity to recognize the important contribution made by my predecessor Mr. David A. Golden, who guided the affairs of the Department during its formative stage.

Yours faithfully,

A handwritten signature in orange ink that reads "S. S. Reisman".

S. S. Reisman,
Deputy Minister.

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ROLE OF THE DEPARTMENT OF INDUSTRY

Under the provisions of the Department of Industry Act, which was proclaimed on July 25, 1963, Parliament has given the Department of Industry the responsibility:

"... to acquire a detailed knowledge of manufacturing industries in Canada;

promote the establishment, growth, efficiency and improvement of manufacturing industries in Canada; and

develop and carry out such programs and projects as may be appropriate.

to assist the adaptation of manufacturing industries to changing conditions in domestic and export markets, and to changes in the techniques of production,

to identify and assist those manufacturing industries that require special measures to develop an unrealized potential or to cope with exceptional problems of adjustments, and

to promote the development and use of modern industrial technology in Canada and improve the effectiveness of the participation by the Government of Canada in industrial research."

In addition, the Department of Industry Act gives the Department the responsibility for preparing and carrying out programs to improve the economic development of areas of the country experiencing high levels of chronic unemployment and slow rates of growth.

The establishment of the Department of Industry recognizes the growing importance of manufacturing industry in the Canadian economy. During the last twenty-five years, Canada has emerged as one of the leading industrialized nations of the world. Whereas in pre-war years Canada was noted chiefly as a producer and trader of primary products, in recent years manufacturing has accounted for more than a quarter of the value of all goods and services produced in Canada and employment in manufacturing industries accounts for almost one and a half million persons.

A major factor in this growth has been the accelerated pace of technological progress. Much of the current business of science-based companies is derived from new products unknown only a few years ago. Even the more traditional industries have not been immune from the effects of this process. The need to adapt rapidly to the competition created by the flow of new products and processes presents new challenges to manufacturing companies at an ever increasing rate.

This rapid pace of technological and industrial development is taking place on a world wide basis. At the same time, the emerging nations are bringing to world markets the products of newly developed natural resources and are pressing to develop their own manufacturing industries. As a consequence, competition faced by Canadian manufacturers is becoming keener.

In addition, technical and economic advances have placed a premium on the use of specialized machinery and the techniques of mass production to the point where, in many cases, it is uneconomical to build plants for the production of small quantities. In response to these circumstances, measures are being undertaken by nations to reduce both tariff and non-tariff barriers to trade and traditional patterns of trade are being influenced as new trading blocs are formed.

In this rapidly changing situation the government has a responsibility for creating an environment which allows the various sectors of the economy to work towards goals which have come to be commonly accepted: high levels of employment, a satisfactory rate of economic growth, rising standards of living, an equitable sharing of national income and relative price stability in the avoidance of inflation.

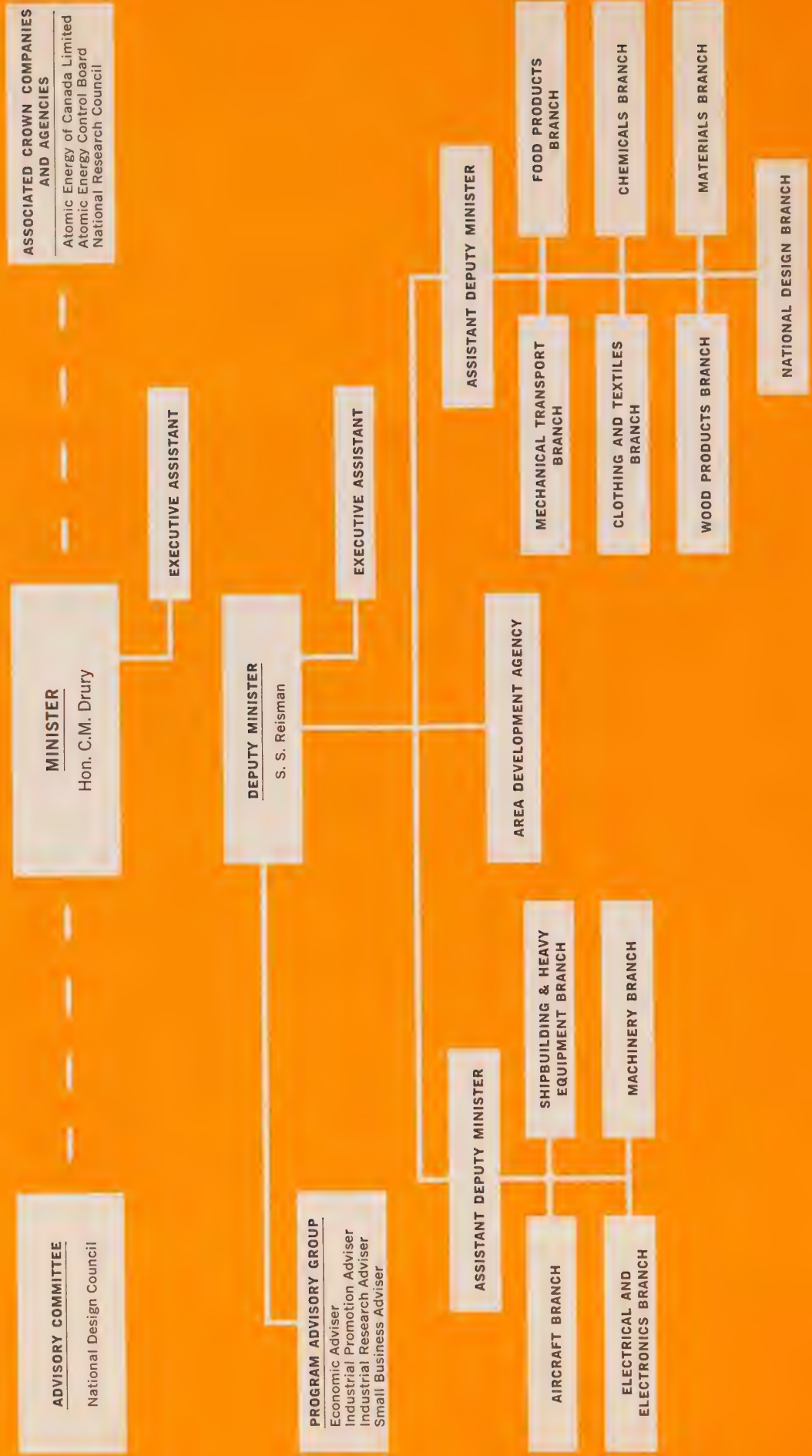
In the main, it is for the business community, in co-operation with labour, to make the myriad complex decisions and to carry out the actions which together bring about the level and quality of economic activity required to achieve these objectives. But clearly there are elements in our economic environment which only governments can deal with effectively.

The principal instruments available to government to shape the economic environment are monetary and exchange policy, fiscal policy and commercial policy. A primary concern of the Department of Industry is to bring to bear a viewpoint which will seek to ensure that these policies are formulated in a manner conducive to the vigorous growth of Canada's manufacturing industry. Of these, the Department of Industry is vitally concerned with commercial policy which has a sufficient degree of flexibility to enable it to be more closely tailored to the conditions which prevail in specific industries or sectors of the economy.

The effective application of these broad instruments of economic policy is essential for the attainment of a generally vigorous economy. Even under such conditions, however, there would remain serious problems of slow growth and excessive unemployment in certain industries and regions which require special efforts for their solution. The Department of Industry has been given a special responsibility for identifying special industrial and regional problems of this kind and for formulating and applying programs and policies for solving or alleviating them.

The task of adjusting to rapidly changing economic and industrial conditions is formidable. It cannot be accomplished by a single measure or within a short period of time. Business, labour and government will have to search continually for new opportunities and for ways to increase efficiency. This will require a greater degree of specialization, more attention to good industrial design, the application of research and development to the introduction of new and better products and processes which can compete in world markets. A central function of the Department of Industry is to acquire a detailed and comprehensive knowledge of manufacturing industry in Canada and elsewhere and to communicate such information to businessmen in order that they will have a better knowledge of changing conditions and new opportunities in their industries. The department is already engaged in this task which has been given a high priority.

DEPARTMENT OF INDUSTRY



ORGANIZATION OF THE DEPARTMENT OF INDUSTRY

The first concern of the Department was to plan and staff its organization. Ten operational branches have been established, each concerned with an industry grouping: Aircraft, Chemicals, Clothing and Textiles, Electrical and Electronics, Food Products, Machinery, Materials, Mechanical Transport, Shipbuilding and Heavy Equipment, and Wood Products.

The Area Development Agency, which develops and administers special measures to foster industrial growth in certain designated areas of Canada, has been organized into two main groups. One of these consists of area specialists who concentrate on particular regions of the country. These specialists work with the operational branches of the Department as well as with federal, provincial and municipal departments and organizations in promoting regional development. The other group administers the special incentives for designated areas.

In order to provide specialist support to the ten operational branches and the Area Development Agency, the Department also has a National Design Branch and a Program Advisory Group. The National Design Branch is responsible for promoting and encouraging good design in Canadian industry. The Program Advisory Group consists of a small number of officers experienced in economics, commercial policy, industrial research and development and special problems of small business. Their function is to advise departmental management and the branches in these areas as well as to co-ordinate departmental programs related to them.

Legal, financial, personnel and other administrative services are provided to the Department of Industry by the staff branches of the Department of Defence Production. The staff and service units of the Department of Defence Production, because they were already in existence, were able immediately and effectively to service the Department of Industry. This arrangement permitted the Department of Industry to get under way quickly and make possible economies in the operation of the staff and service activities of the two Departments.

Recruitment of Department of Industry personnel began in October, 1963. At December 31, 1964, the staff of the Department totalled 333, of which 188 were officers and 145 were support staff.

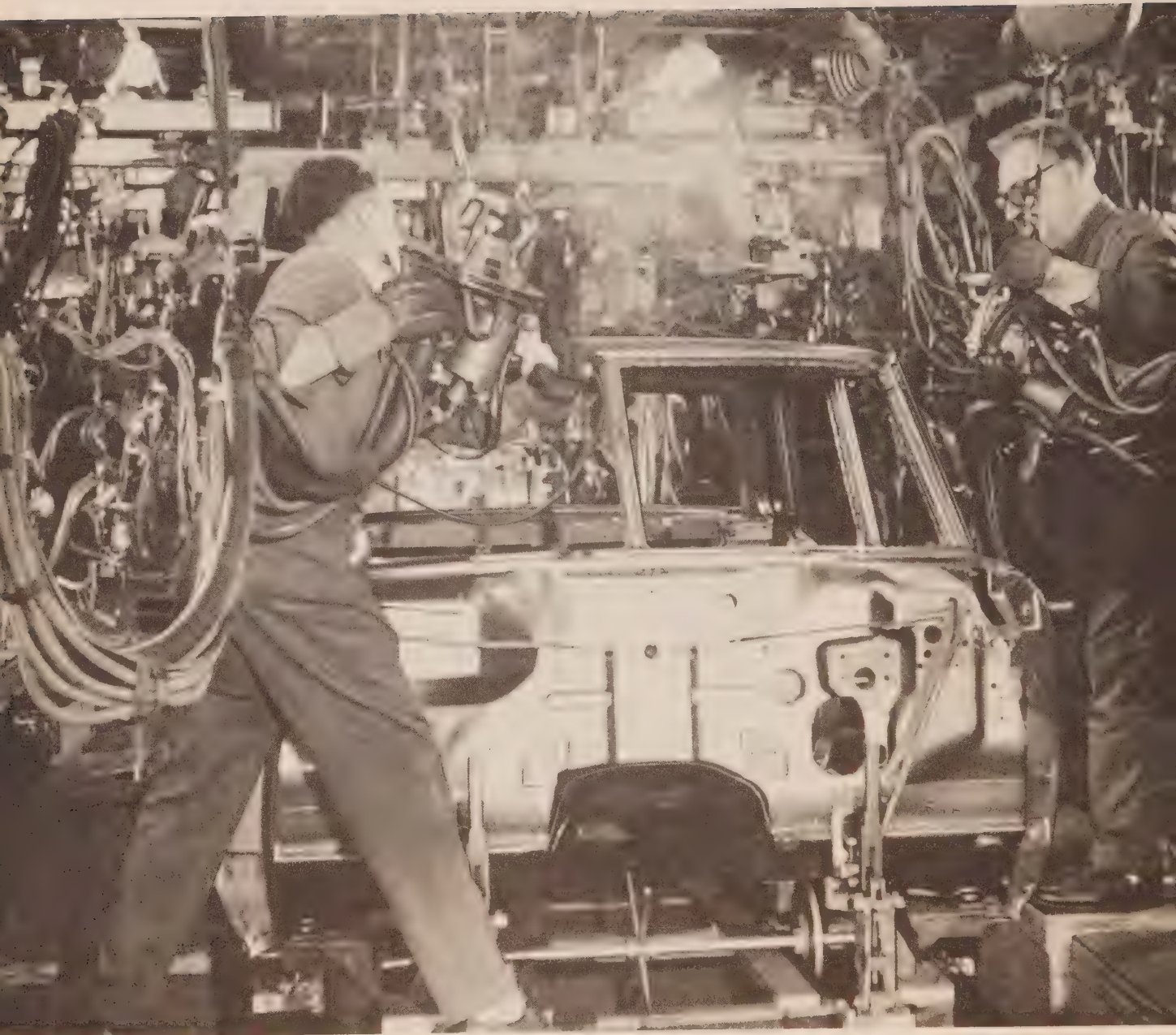


P R O G R A M

The Department has been receiving a steady flow of requests from industry, provincial governments, trade associations and other groups respecting a wide variety of industrial subjects. The Department has been able to provide information and advice respecting most of these matters. This service is one of the valuable contributions which the Department provides to groups interested in fostering the development of manufacturing industry in Canada.

A large number of projects have been developed by the branches of the Department. These projects encompass such areas as methods of improving metal refining and processing, electronic product development, increased production of chemical products, food processing, shipbuilding, the manufacture of machinery, special aircraft development, metal fabrication and textile operations. Many projects are being undertaken jointly with industrial groups and other governmental agencies.

The following are areas of major importance to the Department in the development of its program to date.



AUTOMOTIVE INDUSTRY PROGRAM

On January 15, 1965, the Minister of Industry announced a new far-reaching program for the Canadian automotive industry which is designed to achieve a substantial expansion in production and employment and to promote improved efficiency in this important sector of Canadian manufacturing.

One of the main features of the new plan is a mutually beneficial Agreement between Canada and the United States. This Agreement was signed on January 16, by the Prime Minister and the President. Through this Agreement the United States Government is committed to seek Congressional authority during the Congressional Session which commenced in January to enact duty-free treatment of imports of vehicles and original equipment parts produced in Canada and to make such duty-free treatment retroactive.

To enable the Canadian industry to proceed at once with its expansion, the Government of Canada brought the new measures into effect immediately by an Order-in-Council. Thus, automotive producers who qualify under the terms of the new tariff provisions can import motor vehicles and parts used in their manufacture duty-free from all countries. Original equipment parts may also be imported duty-free by parts makers or others for use in the assembly of vehicles by vehicle manufacturers.

The second major feature of the program consists of firm assurances by individual Canadian motor vehicle producers that they will be able to gain a fair and equitable share of the expanding North American market. Such assurances have been received from producers who represent close to 100 per cent of Canadian motor vehicle production.

By the 1968 model year, production in Canada of vehicles and parts should be expanded by about one-third over their present level. This is in addition to production to supply normal growth in the market. Altogether, it is expected that the expansion over the next three and a half years should achieve an annual rate of production that is several hundred million dollars higher than existing production levels.

The new Canada-United States Automotive Agreement has made it possible for the Government of Canada to launch a program which should lead to greater and more enduring benefits than the earlier plan. As compared with that plan, which the new program supersedes, there is now provision for the removal of United States duties on motor vehicle and original equipment parts to match the removal of Canadian tariffs. Furthermore, the Agreement represents a joint approach by the two governments which recognizes the existence of the special situation confronting the industry and lays the groundwork for an effective and lasting solution. It brings about a stability which was not possible in measures introduced exclusively by Canada.

In drawing up the plan, the Government recognized that there are unique circumstances prevailing in the Canadian industry which make it necessary to provide for an adequate transitional period during which Canadian producers may adapt their facilities and operations to the new opportunities with a reasonable measure of security. As a result, a number of important features have been incorporated into the program to enable the Canadian motor vehicle and automotive components industries to make adjustments within a framework of expanding output and with a minimum of dislocation.

The differences in size and financial strength of the respective industries of Canada and the United States, the pattern of ownership and control, the deeply imbedded habits and customs prevailing in the industry and the many other institutional impediments to trade have all been taken into account in formulating the new program. These factors would have made it difficult for the Canadian industry to compete on a fair and equitable basis even with the removal of United States tariffs and other formal barriers. It was essential, therefore, to introduce special features.

The most important of these is provided by the assurances of Canadian motor vehicle manufacturers to expand very considerably Canadian production over the next three and a half years. Whereas Canada now produces some 4.0 per cent of total North American automotive production, it consumes about 7.5 per cent. As a result of the new program, Canada should be producing a substantially larger share of total North American output by the time vehicles for the 1968 model year are on the road.

Further safeguards have been written into the Order-in-Council. Duty-free entry for motor vehicles into Canada will be available only to motor vehicle producers. Original equipment parts may be imported free of duty by anyone provided they are for use in the assembly of motor vehicles by a vehicle manufacturer in Canada. To qualify as a motor vehicle manufacturer for purposes of the new tariff treatment, a producer must continue to manufacture vehicles in the same ratio to his vehicle sales in Canada as he achieved during the 1964 model year. He is also required to maintain Canadian value added in his Canadian vehicle production in an amount not less than that attained during the same base year, which was a record year for production. Furthermore, in the calculation of Canadian value added, only those elements of costs which have been expended for Canadian goods and services may be included both in the base year and subsequent years.

Components for the replacement market are not included in the plan. The rates of duty provided in the Tariff will apply to imports of these parts. In excluding service and replacement parts,

the Government recognized that many small parts producers are entirely dependent on the replacement market, which differs substantially from the sale of original equipment.

While the Canada-United States Agreement is of unlimited duration, it provides for a comprehensive review of the whole program to be undertaken in 1968. At that time, consideration will be given to such further steps as may be necessary or desirable for the full achievement of the agreed objectives. In particular, Canada will wish to be assured that institutional barriers now limiting Canadian production and trade have been eliminated or substantially reduced and that the initial program has gathered sufficient momentum to ensure that market forces, unaided, will provide adequately for the situation after 1968. The test will be whether the Canadian automotive industries have adequate opportunity to participate fully and equitably in the expanding North American market.

The expansion of this important industry will result in economic benefits for the whole country. For the first time, Canadian motor vehicle producers will have free access to the United States. The Canadian automotive parts industry will have a largely expanded market for components in Canada and will also have new opportunities to sell its products throughout the vast United States market. Canadian producers of industrial materials will also benefit.

Expanded production in the automotive industry and in the many supporting activities will, of course, mean more jobs and greater opportunities for the growing labour force in many parts of Canada.

Of significance for the Canadian consumer is the fact that, over several years, the plan should progressively make possible increased efficiency and reduced costs. Indeed, this is one of the principal objectives of the entire program. In line with the attainment of lower costs of production, it is to be anticipated, as the program develops, that there will be benefits for Canadian consumers in the form of a narrowing differential between Canadian and United States prices for motor vehicles and components.

The program will make an important contribution to the improvement of Canada's international payments position. In recent years trade in vehicles and components has resulted in an annual deficit with the United States of the magnitude of \$600 million. Increased output and improved efficiency in the automotive industries will help to achieve the Government's objective of reducing Canada's current account deficit.



INDUSTRIAL DESIGN

Despite formidable world competition, success is being achieved by an increasing number of Canadian firms in domestic and foreign markets. Many of these successes can be attributed to enterprising managers who have put design in the forefront of their production and merchandising policies. Although private industry must assume the main responsibility for applying sound design practices to their product lines, the Department of Industry is vitally concerned with assisting and encouraging Canadian manufacturers to take greater advantage of this important means for improving their competitive position.

Accordingly, the Department, in co-operation with the National Design Council, has undertaken a program for:

- *assisting in the development of a Canadian design capability.*
- *making the industrial and household consumer familiar with well-designed Canadian products.*
- *assisting manufacturers who may require advice and guidance on design matters.*

As part of this program, the first Design Centre was opened by the Minister of Industry in Toronto on March 2, 1964. The main purpose of the Centre is to provide a means by which manufacturers, retailers, wholesalers, and the consuming public can be made aware of Canadian products of outstanding design with a view to improving the general level of product design.

The Centre exhibits a wide variety of products in continuing general displays. In addition there are feature displays which are changed regularly. During the year these included: "Design for Recreation", "Furniture and Furnishings" and "Design in Plastics."

Products are chosen for display from the Design Index, a catalogue of approximately one thousand products of good design selected by independent groups of experts.

The Department also co-sponsored the Canadian exhibit at the Thirteenth Triennale di Milano held in Milan, Italy, from May to September 1964. Not only did Canadian manufacturers win one gold and three silver medals, but the Canadian exhibit as a whole was awarded a gold medal for overall design excellence.

A National Register of Canadian Designers, instituted for the purpose of advising manufacturers on available design skills, has proven highly successful.

Thirteen scholarships were awarded to young Canadian designers and grants were made to the Design Studies Group at the University of Waterloo, the British Columbia Industrial Design Committee and the Doon School of Fine Arts. In conjunction with the Association of Canadian Industrial Designers and the Society of the Plastics Industry, a grant program was instituted to encourage new designs in the plastics industry. A Canadian Design Awards Program was initiated

jointly with the Canadian Institute of Structural Steel to foster improved bridge and building design. The first series of awards will be made in March 1965. Plans are underway for sponsoring design awards in other product fields.

A major effort of the Department in the field of design is the recently announced CANADIAN DESIGN '67 PROGRAM. The program offers Canadian manufacturers greater opportunity to provide the multitude of new or unique products required to construct, furnish and equip the numerous buildings for Expo '67 and centennial projects across the country, as well as satisfy the demand for original Canadian mementos and giftware.

RESEARCH AND DEVELOPMENT

Canada has relied extensively on imported technology to build up its manufacturing capability and this has contributed in large measure to the present high standard of living which Canadians enjoy. The effective use of scientific discoveries and technological developments originating in other countries will no doubt continue to make valuable contributions to Canada's growth. However, undue reliance on imported technology can impose limitations on the development of Canadian manufacturing industry.

An industry which is entirely dependent upon licensed or borrowed technology will tend to lag behind and forfeit many of the rewards which flow from technical leadership. Such an industry is at a disadvantage in the export market, even if permitted to compete with the licensor. Nor are the needs of our domestic market always well served by products developed without regard to the Canadian environment. One unfortunate consequence is the loss of opportunity for many of our graduates in science and engineering to practice their skills in Canada.

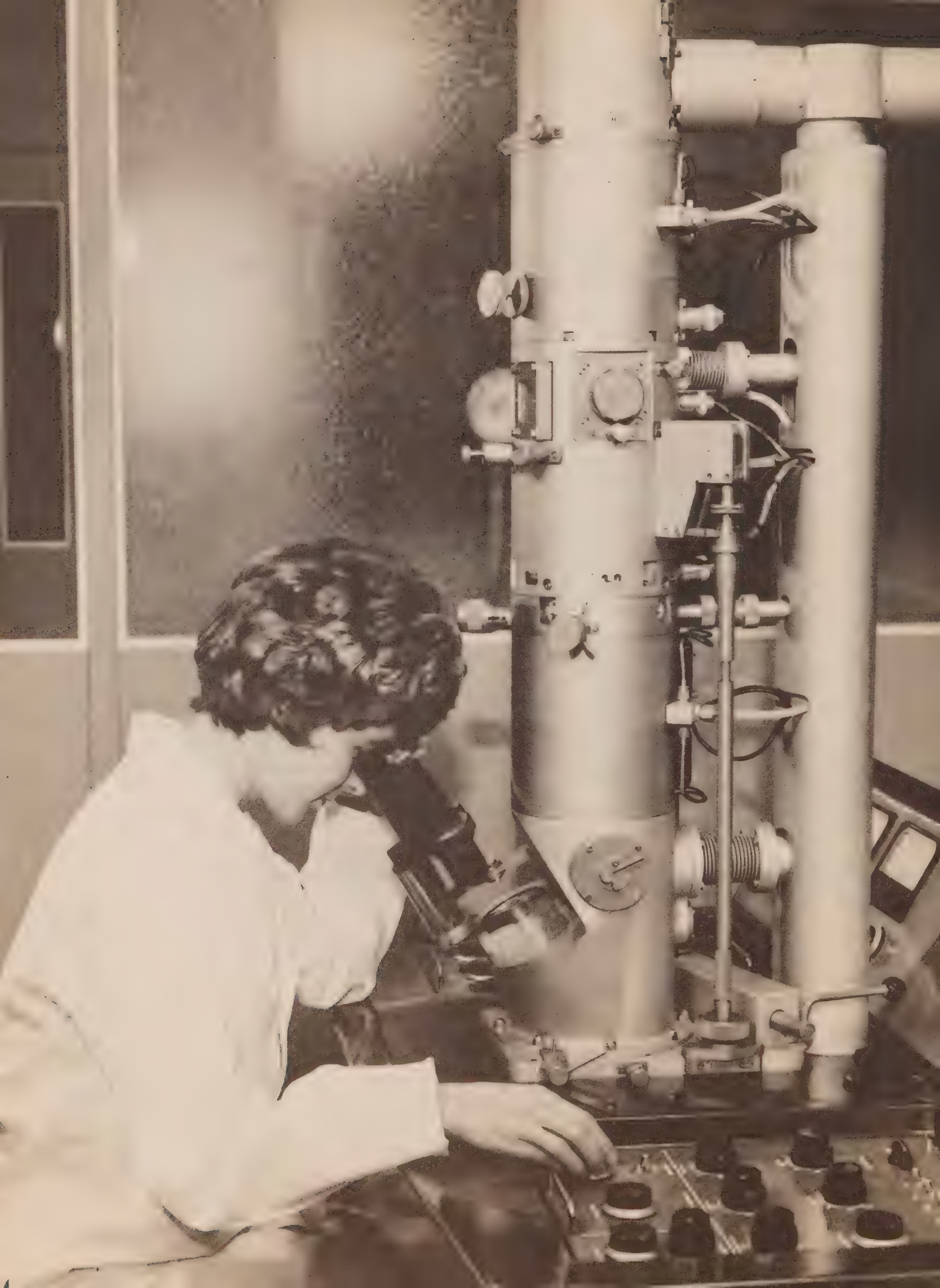
It is clear that innovation and technical superiority as well as low production cost are vital factors for successful commercial competition. Unless Canadian manufacturers maintain a technically competitive position they will suffer in both domestic and export markets.

Comprehensive studies of the current state of industrial research and development in Canada have been undertaken by the Department. They reveal that the current level of effort in Canada to apply scientific findings to the development of new products and processes is inadequate to fully exploit the results of basic and applied research endeavours. Furthermore, the contribution of Canadian industry to the national scientific effort appears to be considerably below that in other industrialized countries.

Notwithstanding the difficulties of making statistical comparisons, it appears clear that the level of Canadian research and development activity is low in comparison with that of such countries as Sweden, France, Netherlands, Switzerland and Japan.

RESEARCH AND DEVELOPMENT EXPENDITURES AS A PERCENTAGE OF GROSS NATIONAL PRODUCTION

CANADA	0.86
SWEDEN	1.7
FRANCE	1.5
NETHERLANDS	1.4
SWITZERLAND	1.4
JAPAN	1.3



Analysis of Canadian scientific expenditures indicates that 60 per cent goes into research and only 40 per cent into development. The reverse relationship exists in other countries. Greater emphasis on development would appear to be desirable if the results of Canada's considerable research are to be fully and effectively exploited. Furthermore, the development of commercial applications of this research are best carried out by industry. Statistics indicate, however, that in Canada only 36 per cent of the national scientific effort is carried out in industry, compared with 63 per cent in Britain or 75 per cent in the United States.

The Federal Government has in force a number of measures designed to stimulate scientific activity in Canadian industry. These include the 150 per cent tax incentive program, the Industrial Research Assistance Program, the Defence Industrial Research Program and the Defence Development Assistance Program. Although these activities have played a useful role in fostering research and development, an important gap continues to exist in the application of science to the development of civilian products and processes. The Department is presently engaged in studying means by which a substantial increase in such development may be achieved.

AREA DEVELOPMENT

Under the Department of Industry Act, the Area Development Agency of the Department is responsible for developing and administering special measures to foster economic and industrial expansion in certain designated areas of Canada. These areas have been designated on the basis of high levels of unemployment over a number of years and slow rate of economic growth.

The activities being undertaken by the Department to foster economic development in the designated areas are in line with the overall aims of national economic policy. In this regard, the Economic Council of Canada, in its first annual report, stated that: "A broad basis of regional participation in economic growth is essential if we are to obtain consistent high standards of economic performance especially as regard to high employment and sustained productivity advances."

While broad national policies help to moderate regional economic problems, it is recognized that a program of special measures is also required to foster development in certain regions of Canada.

In September, 1963, thirty-five areas, located in seven provinces, were designated. These areas fall into two economic groups: those dependent primarily upon the industrial development of natural resources and those largely characterized by manufacturing industries. A three-part tax incentive program, designed to attract industry to these areas, was instituted in the same year. These incentives provide for:

- *a three-year exemption from federal income tax for new manufacturing and processing businesses;*
- *special capital cost allowances for new businesses acquiring new machinery and equipment;*
- *special capital cost allowances for new buildings or significant extensions to existing buildings.*

As of December 31, 1964, 185 new enterprises had been approved under the program and a further ten were under consideration. The 185 companies estimated that their capital investment will amount to \$490 million for new plant and equipment, and will provide directly over 15,800 new jobs. In addition, these new plants will create many more jobs in the related service and supplying industries.

A further \$58 million of new buildings or extensions to existing buildings, which are being erected by firms for purposes other than new manufacturing or processing, will qualify for the special cost allowance.

The designated areas program provides for an annual review. As a result of this review in December 1964, three of the original thirty-five areas were removed from the list. Because

of the significant improvement in their economic situation, they no longer qualified under the criteria for designation.

From the outset, the Department has worked in close co-operation with federal agencies and with provincial, regional and municipal authorities, as well as other interested groups, to develop a thorough economic appreciation of the areas and to recommend projects which will increase employment opportunities. Certain of these projects are now well advanced. In the three designated areas in Cape Breton Island, for example, the Department has been co-ordinating a comprehensive examination of the opportunities for economic development. Several groups have been established covering the fields of tourism, fisheries, agriculture and forest industries and work is now progressing in each of these fields. The Department also co-ordinated the acceleration of federal government programs in Cape Breton Island and as a result it was possible to start work on a number of projects which would not normally have been implemented until a later date.

An overall review of the present designated areas program and its longer range prospects is now underway. On the basis of this review, recommendations will be made on methods of improving the selection of areas in need of special assistance and the effectiveness of incentives to new enterprises.

INDUSTRIAL STANDARDS

The development of industrial standards is an important aspect of efforts to promote growth, efficiency and improvement in manufacturing industry. The Department of Industry in conjunction with other governmental and industrial bodies is giving close attention to the promotion of an orderly program of industrial standards. Wherever possible the aim will be to foster a system of Canadian standards which are compatible with international standards.

FURNITURE INDUSTRY

Departmental personnel have been co-operating with Canadian furniture manufacturers to foster better design and efficiency. Several joint departmental-industry reports have been published respecting various aspects of furniture design, production and marketing in Canada and abroad and are being used as a basis for industry action.

REVIEW OF CANADIAN MANUFACTURING INDUSTRY

IMPORTANCE OF MANUFACTURING

During the last two decades, the growth of Canadian manufacturing has made Canada one of the important industrialized nations of the world. Over this period profound changes have taken place in Canada's basic economic structure. Whereas pre-war Canada was noted chiefly as a producer and trader in primary products, the expansion and diversification of manufacturing has transformed the country into a complex industrial economy.

Today manufacturing accounts for 26 per cent of the value of all goods and services produced in Canada. It provides direct employment for more than 1.4 million persons and contributes indirectly to employment over a wide range of Canadian industry through the purchase of materials and supplies, transportation and other services. Initially a strengthening and diversification of the Canadian manufacturing industry came as a result of war demands. From 1939 to 1945, Canada's productive capacity underwent intensive expansion, particularly in the capital goods industries. The expansion of capital facilities and the technical competence achieved during war-time provided the foundation from which Canadian manufacturers could extend their operations as Canada entered a new phase of industrial growth.

The range of manufacturing activity and the relative importance of the various manufacturing industries are set out in the following table based on the Census of Manufacturers for the year 1961. The twenty industrial classifications are listed in the order of magnitude of the value added by manufacture.

As would be expected, Canada's most important manufacturing industries are those closely related to the country's natural resource endowment. Foods and beverages, primary metals, the pulp and paper and allied industries accounted for more than one-third of total value added by all manufacturing industries and employed almost 30 per cent of all the persons in secondary industry. Heavy industry and those industries relatively new to Canada such as chemicals and electrical apparatus, are now among Canada's ten leading industrial groupings. On the other hand, the traditional industries of textiles, clothing, knitting mills, and leather products, while accounting for 16 per cent of manufacturing employment, now rank behind the industries where technological advances have been more rapid or where new exploitation of Canada's natural resources has provided particular stimulus to industrial expansion.

POSTWAR DEVELOPMENTS

The growth of Canadian manufacturing industry from 1946 to 1963 was impressive. Continuing capital investment in new plant and equipment contributed to a major expansion of industrial

CANADIAN MANUFACTURING INDUSTRIES, 1961 RANKED IN ORDER OF VALUE ADDED BY MANUFACTURE

INDUSTRIES	TOTAL EMPLOYEES (000's)		VALUE ADDED BY MANUFACTURE (\$ MILLIONS)		SELLING VALUE OF FACTORY SHIPMENTS (\$ MILLIONS)	
		%		%		%
1. Foods and Beverages	189	14.9	1,705	16.0	4,905	20.2
2. Primary Metal (including Iron and Steel mills', smelting and refining)	87	6.9	1,130	10.6	2,806	11.6
3. Paper and Allied Industries	95	7.5	1,071	10.0	2,206	9.1
4. Transportation Equipment	108	8.5	829	7.8	1,961	8.1
5. Chemicals and Chemical Products	52	4.1	761	7.2	1,434	5.9
6. Metal Fabricating	95	7.5	739	6.9	1,494	6.2
7. Electrical Products	80	6.3	617	5.8	1,206	4.9
8. Printing, Publishing and Allied Industries	73	5.8	591	5.5	872	3.6
9. Wood	80	6.3	431	4.0	1,035	4.3
10. Textiles	63	4.9	393	3.7	875	3.6
11. Non-Metallic Mineral Products	40	3.2	381	3.6	675	2.8
12. Clothing	88	6.9	377	3.5	801	3.3
13. Machinery	42	3.3	330	3.1	640	2.6
14. Petroleum and Coal Products	14	1.1	291	2.7	1,220	5.0
15. Furniture and Fixtures	33	2.6	185	1.7	362	1.5
16. Rubber	19	1.5	171	1.6	331	1.4
17. Leather	31	2.5	140	1.3	291	1.2
18. Tobacco Products	9	.8	129	1.2	335	1.4
19. Knitting Mills	21	1.7	101	.9	219	.9
20. Miscellaneous Manufacturing Industries	46	3.7	310	2.9	575	2.4
GRAND TOTAL	<u>1,265</u>	<u>100.0</u>	<u>10,682</u>	<u>100.0</u>	<u>24,243</u>	<u>100.0</u>

capacity. The value of manufacturing production more than tripled; the volume of output doubled; and the number of people employed in the industry increased by almost 28 per cent. This postwar industrial expansion took place over a broad front and became increasingly diversified.

The following table shows the growth of total manufacturing output in volume terms from 1946 to 1963 compared with the growth in total industrial production and in the production of all goods and services in Canada.

VOLUME OF PRODUCTION 1946 - 1963 (1949 = 100)

	VOLUME INDEX OF PRODUCTION OF ALL GOODS AND SERVICES IN CANADA (1)	VOLUME INDEX OF TOTAL INDUSTRIAL PRODUCTION	VOLUME INDEX OF MANUFACTURING PRODUCTION		
			TOTAL	NON-DURABLES	DURABLES
1946	89.8	83.8	85.2	89.8	79.9
1950	106.4	106.9	106.2	106.0	106.5
1951	114.6	116.6	115.0	110.8	119.9
1952	122.7	120.9	118.5	113.2	124.8
1953	126.7	129.1	126.4	120.2	133.6
1954	123.9	128.5	122.9	121.2	124.8
1955	136.3	142.3	134.7	130.4	139.7
1956	147.7	154.9	145.1	138.1	153.3
1957	147.0	155.4	142.9	139.7	146.7
1958	148.9	154.4	140.7	141.3	139.9
1959	156.5	166.1	149.8	150.1	149.5
1960	158.5	167.4	149.3	151.8	146.5
1961	161.4	172.9	153.0	157.0	148.4
1962	171.4	186.0	164.9	164.8	165.0
1963	180.2	195.9	173.9	172.2	175.9

(1) Volume Index of Gross Domestic Product.

The extent of the development of Canadian manufacturing over the period, 1946-63 is indicated by the increase of 104 per cent in the volume of production compared with an increase of 54 per cent in population; and by the large increase in manufacturing capacity. Investment in new plant, machinery and equipment for manufacturing amounted to \$17 billions for the period.

Productivity increased throughout the period and contributed significantly to the growth of manufacturing production. Between 1947 and 1963, the period for which productivity data are available, output per person in manufacturing increased at the rate of 2.6 per annum, so that a 3.7 per cent average annual growth in production was achieved by a work force growing at the rate of 1.0 per cent per year.

This increase in productivity has been brought about by a variety of factors, including the growing amount of capital investment. According to recent estimates, the net stock of fixed capital in Canadian manufacturing has been rising at an average rate of 8 per cent per annum. Other important factors contributing to the advance in productivity have been the increasing scale of operations, the better utilization of capital, advances in technology, progress in managerial efficiency and the higher skill of the work force.

The growth in production rested upon a number of factors. In general, economic conditions, both at home and abroad were conducive to the expansion of Canadian secondary industry for most of the postwar period. Part of the rise in manufacturing output was induced by increased foreign demand; but the greater part was based on rising income at home and on the demands for manufactured products created by the general expansion of all industrial sectors of the Canadian economy.

The consumer market has shown substantial growth since the end of the war with a steady rise in aggregate personal income and with Canada's population increasing from 12 to 19 million persons. In addition, the \$111 billion spent on new construction and new machinery and equipment from 1946 to 1963 stimulated the expansion and diversification of Canadian manufacturing. Also during this period the generally high level of economic activity and rising living standards in other industrialized nations of the world influenced the growth of Canadian manufacturing. From 1946 to 1963 manufactured exports increased more than two and a half times. Since the mid 1950's finished manufactured products have been increasing as a proportion of Canadian merchandise exports, although total manufactured exports have not risen in relative importance within Canada's export trade.

While there were substantial gains in production and employment from 1946 to 1963, there were periods of diminished activity. These changes can be noted from the decline in the

volume index of total manufacturing production in the years, 1954, 1957, 1958, 1960 and are particularly noticeable in durable goods production. On the other hand, there was no interruption in the growth of non-durable goods production during the transition from war to peacetime, and over the entire postwar period non-durable production showed a continuous increase. The net result was that, in the period 1950 to 1960, practically all of the growth in manufacturing production came in the first half of the decade. From 1950 to 1956 the volume index of manufacturing production increased 37 percent. In the last part of the decade, there was a decided levelling off in production and from 1956 to 1960 the index increased only 3 percent. With the upturn in economic activity in 1961, however, manufacturing production moved sharply upward and by 1963 was 16 per cent above the level of 1960; durable goods production was up 20 per cent and non-durable goods 13 per cent greater.

In the decade, 1953 to 1963, all types of industries, capital goods, consumer goods and industrial materials, shared in the production advance. In the non-durable goods sector the most striking increase took place in the synthetic textile industry where output rose 120 per cent. This gain was closely followed by that of the petroleum products industry with an increase in production of 101 per cent, chemicals 78 per cent and tobacco products with a 73 per cent increase. The cotton textile, leather products, and clothing industries showed the smallest gains, while in the woollen textile industry, the 1963 level of production was unchanged from that of a decade earlier.

Among the durable goods industries, the greatest expansion in output came in primary iron and steel, motor vehicles, industrial materials, and certain sectors of the electronics industry. Primary iron and steel output, reflecting the strong demand from both the capital and consumer durable goods industries, increased 80 per cent in the ten years between 1953 and 1963. The Canadian steel industry has increased its capacity and diversified its production to the point where Canada is now approaching self-sufficiency for most types of steel. In terms of relative growth, the non-metallic mineral products industry with a production increase of 75 per cent ranked second to primary iron and steel. Since many of the products of this industry are used in construction, the high level of construction activity in the last decade has been a major influence in the industry's expansion. In the transportation group of industries, motor vehicle production increased 57 per cent over the decade. However, output in the other two major sectors of the transportation group, aircraft and railway rolling stock declined significantly. In 1963, aircraft production was 41 per cent below the postwar peak reached in 1953 and railway rolling stock production, down 60 per cent, declined steadily over the entire decade. In the electrical apparatus industries, production increases varied considerably. Output in the telecommunications industry, reflecting defence requirements and the extension of the industry's products to civilian use, rose 56 per cent

in the ten-year period. On the other hand, heavy electrical machinery production, although it showed renewed strength in recent years, was in 1963 still below the level of the mid-1950's.

As a result of the variation in growth among the different industries, significant shifts took place in the relative importance of individual industries within Canada's manufacturing structure. Pulp and paper and smelting and refining still remain Canada's two leading individual manufacturing industries. However, in terms of the value of output, petroleum refining, primary iron and steel, industrial chemicals including petro-chemicals, and certain sectors of the electrical apparatus industry increased in relative importance in the past decade. In this respect, technological change played an important role. Industries, particularly affected by technological advance, were among the most dynamic growth industries in Canada in recent years. Many firms in industries such as chemicals and electronics, now derive a high proportion of their sales from processes and products which did not exist prior to 1950.

CANADIAN MANUFACTURING INDUSTRY IN 1964

In 1964, for the fourth consecutive year, the Canadian manufacturing industry continued to expand. During the first ten months of 1964, the major indicators of manufacturing activity were at record levels and showed substantial gains over the previous year. On the basis of ten months' year to year comparison, the volume of manufacturing production was 9 per cent greater and employment in manufacturing averaged 6 per cent higher. These increases compare with the 8 per cent rise in manufacturing production in 1962 and the less than 6 per cent increase recorded in 1963.

As in 1963, the expansion of manufacturing resulted from stronger demand in both the domestic and export markets. At home, the final domestic demand for goods and services was over 8 per cent greater than in the first three quarters of 1963. The growth in the domestic demand for goods was attributable to a sharp rise in the demand for construction materials, producers' equipment and greater consumer expenditure on goods. In addition, inventory accumulation which began in the third quarter of 1963 continued in 1964 and the build-up of stocks at the manufacturer's level was considerably greater than in the previous year, although it does not appear to have been out of line with increase in production and sales.

In the first three quarters of 1964, consumer expenditure on goods was 7 per cent greater than in the corresponding period of 1963. While non-durable goods purchases showed a larger increase than between 1962 and 1963, the stronger consumer demand was heavily concentrated in durables which registered a gain of almost 14 per cent. Once again the demand for durable

goods was centred on automobiles and sales of new passenger cars in the first eleven months were up 15 per cent from 1963. At the same time, the purchases of appliances, home furnishings and other consumer durables were also substantially higher.

The capital sector provided the strongest increase in domestic demand for goods in 1964. On the basis of nine months, capital investment was 15 per cent higher than in the corresponding period of 1963.

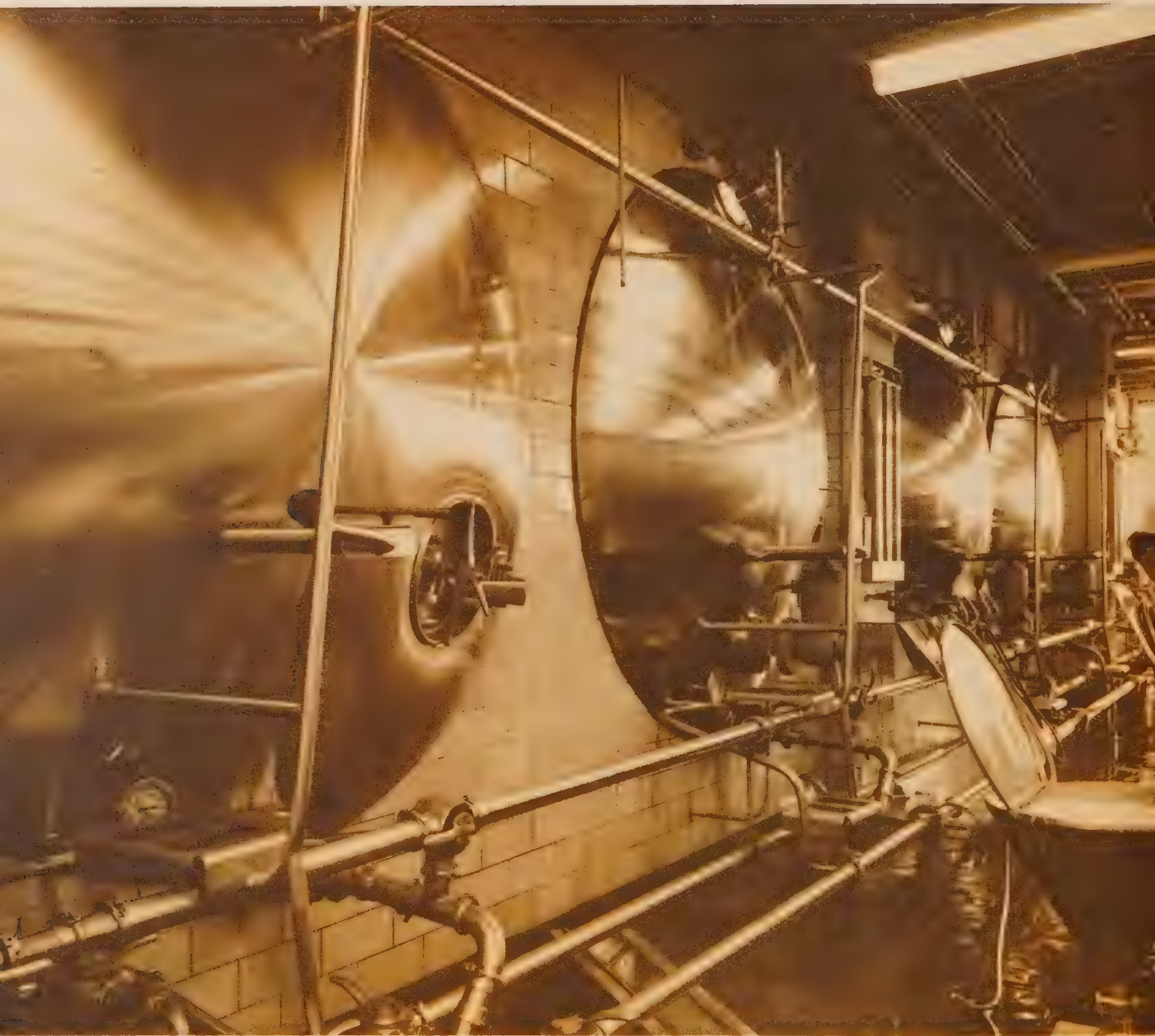
Expenditures for machinery and equipment increased more than 18 per cent while outlays on non-residential and residential construction were up 10 and 16 per cent respectively.

As a result of the strength in recent years of domestic and external demand, productive capacity in the Canadian manufacturing industry has been progressively more fully utilized. As a consequence, manufacturers investment plans for 1964 provided for substantial increase in capital expenditures in a number of industrial areas. The mid-year survey of investment intentions indicated a 31 per cent increase in capital outlays in manufacturing over 1963 with significant expansion in pulp and paper, chemicals, primary iron and steel, motor vehicles and textiles.

A large part of the increase in both consumer durable and capital goods demand had occurred by the first quarter of the year. In that quarter consumer durable expenditure, on a seasonally adjusted basis, was already 10 per cent above the 1963 average, business outlays on plant and equipment were 14 per cent greater and new residential construction was up by 37 per cent.

While the demand for domestically produced goods rose sharply, manufactured imports also increased. In the first half of the year, imports of manufactured goods were 22 per cent greater than in the first half of 1963. Imports of fabricated materials were 19 per cent higher and those of fully finished products other than food were up 23 per cent with significant increases in industrial machinery, tractors, motor vehicles, and non-ferrous metal products. In total, imported products supplied a slightly greater share of the Canadian domestic market during the first half of 1964. To a considerable extent, this was due to the fact that a large part of the increase in domestic purchases took the form of various types of producers' machinery and equipment, much of which is normally imported. In addition, the strong consumer demand for automobiles resulted in greater Canadian sales of United States and other foreign produced cars. In the first six months the value of imported motor vehicles was 35 per cent greater than in the same period of 1963.

In the external trade sphere, international demand contributed to the expansion of Canadian manufacturing production and sales. The total exports of manufactured goods rose by about one-fifth in the first ten months of 1964 over the corresponding period of the previous year. This represented a sharp acceleration from the growth which took place in 1963.



The factors that resulted in the strong increase in exports in 1964 were those which had led to increased sales in recent years. These include an increased export consciousness by Canadian manufacturers, a continuance of the stronger competitive position of Canadian producers which followed upon the decline in the external value of the Canadian dollar, the relative stability of Canadian prices, and the expansion of credit facilities for exporters. In addition, economic conditions in Canada's export markets were generally favourable and particularly so in the United States. There were also a number of special factors which led to increases in certain commodity exports.

The export shipments of practically all types of manufactured goods increased in 1964 but the most significant gains took place in the durable and heavy commodity sectors of the industry. These gains tended to offset the heavy increase in manufactured imports mentioned above. In the first ten months of 1964, the exports of finished or end products other than food were 42 per cent greater than in 1963 with substantial increases in the exports of industrial machinery, agricultural implements, railway rolling stock, motor vehicles and parts, and aircraft. The effect of a number of specific government programs was apparent in the strength of exports in certain commodity areas. The \$65 million or 95 per cent increase in the exports of motor vehicles and parts reflected the important influence of the special government incentive plan for automotive exports which was broadened in scope in November 1963. Similarly, the further expansion in the availability of long-term credits for the export of capital goods was reflected in the sharp rise in the exports of railway rolling stock and steel rails.

Among the special factors, the contract with Russia for wheat flour was largely responsible for raising the exports of that commodity from \$45 million in the first ten months of 1963 to \$90 million in the first ten months of 1964. In addition, shipments of aircraft, engines and parts rose substantially. In the first ten months, they were \$112 million or 123 per cent greater than in the corresponding period of 1963 and accounted for more than 40 per cent of the increase in the exports of fully manufactured goods. A very large part of the increase in the exports of aircraft and components in 1964 resulted from orders booked several years ago under the defence sharing program with the United States.

As a result of these favourable domestic and external demand factors, production increases were widespread throughout the various sectors of manufacturing with the durable goods industries showing the largest gains. Most prominent were the production increases in the motor vehicle and motor vehicle parts industries which experienced very buoyant conditions in 1964. Over the past year, the Canadian automobile market increased at almost double the rate of the North American

market. In the first ten months of 1964, the number of motor vehicles produced was 14 per cent above the corresponding period of 1963 and parts production showed a 26 per cent increase. However, motor vehicle production was substantially affected in the late months of 1964 by strikes in Canada and the United States. These developments taken together with the exceptionally high production of the last quarter of 1963, reduced the year-to-year increase to about 6 per cent.

In the producer goods field, the rise in demand has a significant impact on the iron and steel industry. Primary iron and steel production reached a very high level early in the year and for the first ten months the volume of production was 15 per cent above the corresponding period of the previous year. Although in 1964 the primary iron and steel industry worked at high levels of capacity, some tightness developed in domestic supply, particularly in plates, structural steel forms, and reinforcing bars. As a result, imports increased. The industry continued to expand its production facilities. A new steel plant began operation in Ontario. There were also substantial additions to capacity by a number of steel companies and further increases are planned for 1965.

In the field of iron and steel technology, a further improvement was made by the installation of continuous casting machines in three more steel plants and important pioneering development work was done on the dual hearth furnace process. There was increased activity in research and development by the major steel producers, but the shortage of suitable research personnel continues to be a problem.

In the primary non-ferrous metals industry, smelters and refineries operated at capacity. Historically, Canada has been a large exporter of non-ferrous metals in the form of ores, concentrates and primary ingots, and in 1964 the exports of primary forms as a percentage of total production showed a further increase. The prices of all important non-ferrous metals advanced during the year due to the strength of world demand.

With few exceptions, fabricating and manufacturing plants utilized nearly all of their excess capacity and entered 1965 with high forward bookings. However, the rate of growth in this sector of the industry did not equal that of the primary industry.

The strength of economic activity in 1964 also had an early effect on the non-metallic or industrial minerals industry. This industry represents a diverse group dependent largely on activity in construction and manufacturing. With the high level of construction activity and with industrial production reaching new peaks in 1964, a substantial expansion occurred in the production of industrial minerals.

Other areas of manufacturing in which the volume of output was significantly higher in the first ten months of 1964 included chemicals and allied products up 12 per cent machinery 11 per cent aircraft and parts 18 per cent, textiles 9 per cent, paper products 9 per cent and railway rolling stock 15 per cent.

The demand for pulp and paper products was strong in 1964. The newsprint industry operated at a higher rate of capacity than in 1963 with shipments significantly greater. With the continuing growth in world demand, a large expansion program for the production of kraft pulp is underway with most of the expansion taking place in British Columbia. The production of fine and coarse paper, and paperboards, which is primarily oriented to the domestic market, was also at a high level.

The lumber and plywood industries also showed further growth. For the year as a whole, lumber production is estimated to be from 10 to 15 per cent above that in 1963, reflecting the large housing program and the significant increase in exports. The lumber industry is, however, faced with a limited supply of good quality saw logs and competition from substitute products. The production of softwood and poplar plywood also increased in 1964. The capacity of the major mills producing Douglas fir plywood is expanding and production costs are generally being reduced through automation of production lines. The production of hardwood plywood in 1964 remained on about the same level as in 1963 while imports increased.

In 1964, the annual value of shipments of all types of furniture increased by 7 per cent over 1963. This rise was possible due to increased capacity and more efficient use of existing facilities within the industry. In the printing and publishing industry revenues in 1964 kept pace with the growth in the Canadian economy and are estimated to be in the \$1 billion range for the year. Important technical changes, particularly in the field of automation took place in 1964 in the printing industry.

Conditions in the textile industry have improved in recent years and further growth of about 9 per cent in production was recorded in 1964. Several factors have accounted for this upward trend including the reduction in the foreign exchange value of the Canadian dollar and the generally favourable economic conditions within Canada which have influenced the expansion of sales and investment. In addition, in recent years major sectors of the industry have improved their efficiency through modernization and specialization. Economic and technological progress have been most pronounced in the man-made fibre sector. At the same time, the trend toward vertical integration has shown a tendency to accelerate in this part of the industry. Despite

growing competition from man-made fibres and products, production of cotton goods has risen substantially in recent years and further substantial gains were made in 1964. In the wool industry which has been adjusting to new trends by producing blends of wool and man-made fibres output rose moderately in 1964.

The clothing industry is one of the largest employers of labour in the Canadian manufacturing industry and in 1964 employment rose by a further 5 per cent. Production and sales reflected the growth in consumer spending which on a nine-months' basis was up about 6 per cent. Trends within the leather and footwear industry have followed a similar pattern.

The Canadian chemical industry had a good year in 1964 in terms of production and sales. Both industrial and consumer chemicals reached record levels of production. Prices remained generally firm and demand in a number of areas exceeded supply at prevailing prices. In recent years a number of significant developments have taken place in the industrial chemicals field which have strengthened Canada's position. These include Canada's emergence as a major factor in the world sulphur market, the development of potash resources in Saskatchewan and the vast increase in nitrogen production planned or in progress to meet the anticipated increase in the world demand for fertilizers. Despite an over-all rise in exports, the imbalance in the trade of chemical and allied products continued in 1964. Imports were about 35 per cent greater than exports in terms of value and accounted for more than 23 per cent of total domestic consumption.

Total production of refined petroleum products increased by almost 4 per cent. In accordance with the National Oil Policy, use of Western Canadian crude oil increased in Ontario, but there was at the same time an increase in imports of refined petroleum products to Eastern Canadian markets.

Further integration of chemical industries took place during the year as petroleum refiners acquired interests in the fields of plastics and building products.

In the Canadian aircraft industry a number of trends which have become apparent in recent years continued during the year 1964. These include a decreasing reliance upon the aircraft industry for Canadian defence equipment requirements; increasing difficulty of competing in world markets as aircraft become more and more complex; a continuing decline in the amount of repair and overhaul activity as older aircraft are phased out of military and commercial service and as the life between overhaul of new equipment lengthens. All this has, in turn, led to a renewed emphasis during the year on seeking out development and production programs which can be jointly shared between Canada and other countries with particular reference to aeronautical systems and components as distinct from complete aircraft. A modest movement was also discernible during the year in the direction of increased production and sales activity in the non-defence sector of the industry.

In spite of the factors tending to curtail production, 1964 proved to be a reasonably active year in terms of employment and output when compared with the previous two or three years. The level of production was the highest achieved since 1961 although it fell short of the postwar production peaks realized in 1953 and 1957.

The year 1964 can, in many respects, be regarded as a transitional year for the industry. For one thing the industry was heavily engaged in the DC-9 commercial aircraft sub-contract program while still active in the gradual phase out of certain military programs for both domestic and United States requirements. At the same time, a number of significant development projects reached peak periods of activity during the year and appreciable technological advances were made by the Canadian industry during 1964 which will assist in its future diversification and competitiveness. These involved a short range surveillance drone system under joint development by Canada and United Kingdom; a short take-off and landing aircraft being developed in conjunction with the United States Army; Canada's first vertical and short take-off and landing aircraft which was rolled out during the year; a range of small gas turbine aero-engines as well as a family of industrial gas turbine engines.

Output in the electrical and electronics industries also showed growth in 1964. During the first 10 months the volume of production of the electrical products industry was 7 per cent higher than in the corresponding period of 1963. Imports continue to account for approximately one-quarter of total domestic market. While exports have shown some increase they are still a relatively small proportion of total factory shipments.

The electronics industry continues to show a steady growth despite relative stability in defence spending. Two major factors have been responsible for this growth namely; increased research and development and expanding export sales. Greater research and development coupled with improved marketing skill have resulted in sales of unique and competitive products in the United States, Europe and Asia. Exports have not been confined to specialized commercial and military electronics but are now being achieved in the highly competitive consumer market such as radio phonographs and television picture tubes. Recent developments which have made Canadian companies prominent in the electronics field embrace avionic systems including navigational and data processing equipment together with advanced communications systems covering fixed, tactical and space satellite application.

In general, the output in the food and beverage industry reflected the growth in population and income. In the first ten months of 1964, the volume of production of foods and beverages was 6 per cent greater than in the corresponding period of 1963. In the food industry, meat

and poultry production increased by almost 10 per cent; the fruit and vegetable processing industry had an excellent year; and operations in the fish processing industry were above average in 1964. In the dairy industry prices were somewhat firmer. The demand for frozen foods continued to grow and, with good crops, production of frozen fruit and vegetables was up substantially. In the flour milling industry, activity was at a high rate in the first part of the year, as a result of the Russian flour order. However, when this order terminated in June, the mills resumed a lower rate of production.

Output in the beverage industry increased 4 per cent on a ten month year to year comparison. Although further production increases took place in the alcoholic beverage industry, very little change took place in the carbonated beverage industry. Increased sugar prices at the end of 1963 and early 1964 tended to retard the growth of the industry. Within this industry, beverages with low-calorie sweetness are becoming increasingly important.

During 1964, the shipbuilding industry continued to experience the same basic stability which has been characteristic of it since the early 1950's. This stability of the industry has been due to a combination of circumstances including a relatively steady level of substantial government expenditures, commercial affiliations between shipping companies and shipyards, and the tendency to build small or non-ocean-going vessels near their areas of operation. Capital investment has been light in contrast to the trend in major shipbuilding countries such as Japan and Sweden.

Production in the machinery industry rose almost 11 per cent in the first ten months of 1964 above the level of the same period of 1963. The heavy equipment industry in Canada is largely dependent on the capital expenditure programs of the users of heavy equipment. With the increased investment occurring in 1964 and planned for 1965 in such areas as power generation, pulp and paper, primary iron and steel, chemicals and petro-chemicals, conditions within the industry have improved appreciably. Plant capability is now being strained by the production of the very large units for modern hydraulic, thermal and thermo-nuclear electric power plants and several manufacturers are increasing their capabilities by additions to plant and equipment.

One significant development in the machinery industry has been an increase in recent years in Canadian exports. This has taken place primarily in those classes of equipment which we have been manufacturing as a result of the development and the experience in processing our own resource products. However, in the fabricating industries and also for office and business equipment Canada is still heavily dependent upon imports which amount to about 50 per cent of domestic consumption.

Another major development within the machinery industry has been the technological advance in metal cutting and metal forming which has had greater acceleration and development during the past ten years than during the previous century. Of particular importance in metal cutting machine tools has been the introduction of a system of automation known as numerical control which is being rapidly extended in the United States metal working industries. This is of immediate concern to Canadian fabricating industries if they are to compete in the North American market. In the metal forming field, important developments have taken place in high energy explosive forming, electro-chemical milling and electrical discharge machining. These developments are significant to the future of those sectors of Canadian manufacturing involved in designing and producing advanced products and equipment.

DIRECTORY OF PERSONNEL

MINISTER

The Honourable C. M. Drury, P.C., C.B.E., D.S.O., Q.C., M.P.

Executive Assistant to the Minister F. M. Wanklyn

DEPUTY MINISTER

Mr. S. S. Reisman

Assistant Deputy Minister. B. G. Barrow

Assistant Deputy Minister. D. B. Mundy

Economic Adviser A. S. Abell

Industrial Promotion Adviser L. C. Howey

Industrial Research Adviser J. L. Orr

Small Industry Adviser C. L. Muir

Executive Assistant to the Deputy Minister D. C. Thom

COMMISSIONER, AREA DEVELOPMENT AGENCY

Mr. W. J. Lavigne

Deputy Commissioner J. A. Teeter

BRANCHES

Director, Aircraft Branch	A. D. Belyea
Deputy Director.	G. T. Rayner
Acting Director, Chemicals Branch	D. F. Gray
Director, Clothing and Textiles Branch	A. M. Guerin
Director, Electrical and Electronics Branch	J. S. Glassford
Deputy Director	W. S. Kendall
Director, Food Products Branch	A. H. Mathieu
Deputy Director	J. J. Tennier
Director, Machinery Branch	F. Dugal
Deputy Director	T. C. Jones
Director, Materials Branch	R. D. Hindson
Director, Mechanical Transport Branch	N. B. MacDonald
Deputy Director.	C. D. Arthur
Acting Director, National Design Branch	E. P. Weiss
Director, Shipbuilding and Heavy Equipment Branch	J. C. Rutledge
Director, Wood Products Branch	K. O. Roos
Deputy Director	P. L. MacDougall

OPERATIONAL BRANCHES OF THE DEPARTMENT

AIRCRAFT BRANCH

Accessory Systems and Ground Support Equipment División
Aerospace División

CHEMICALS BRANCH

Industrial Chemicals División
Consumer Chemicals División
Plastics and Rubber División
Fuels and Explosives División

CLOTHING AND TEXTILES BRANCH

Textiles División
Clothing División
Leather División

ELECTRICAL AND ELECTRONICS BRANCH

Electronic Equipment
Electrical Equipment
Components
Production Sharing Co-ordinator

FOOD PRODUCTS BRANCH

Food and Vegetable Products División
Meat, Fish and Dairy Products División
Confectionery, Beverage, Tobacco and Prepared Foods División
Cereal, Bakery, and Edible Oils División

MACHINERY BRANCH

Special Products División
Machines División
Equipment División

MATERIALS BRANCH

Iron and Steel División

Non-Ferrous Metals División

Industrial Minerals División

MECHANICAL TRANSPORT BRANCH

Motor Vehicles División

Construction and Agricultural Machinery División

Rail and Other Vehicles División

NATIONAL DESIGN BRANCH

Program Administration División

Industry Advisory División

Design Research and Product Development División

Professional Development División

SHIPBUILDING AND HEAVY EQUIPMENT BRANCH

Ship División

Heavy Equipment División

WOOD PRODUCTS BRANCH

Pulp and Paper División

Printing and Publishing División

Construction Products División

Furniture and Secondary Wood Products División

AREA DEVELOPMENT AGENCY

Program Co-ordination División

Incentives Administration División

Area Officers

STATEMENT OF EXPENDITURES

The Comptroller's Branch of the Department of Defence Production provided a complete accounting service for the Department of Industry and from its accounting records has prepared a Statement of Expenditure paid and accrued during and with respect to the year ended March 31, 1964, as follows —

VOTE 1, DEPARTMENTAL ADMINISTRATION

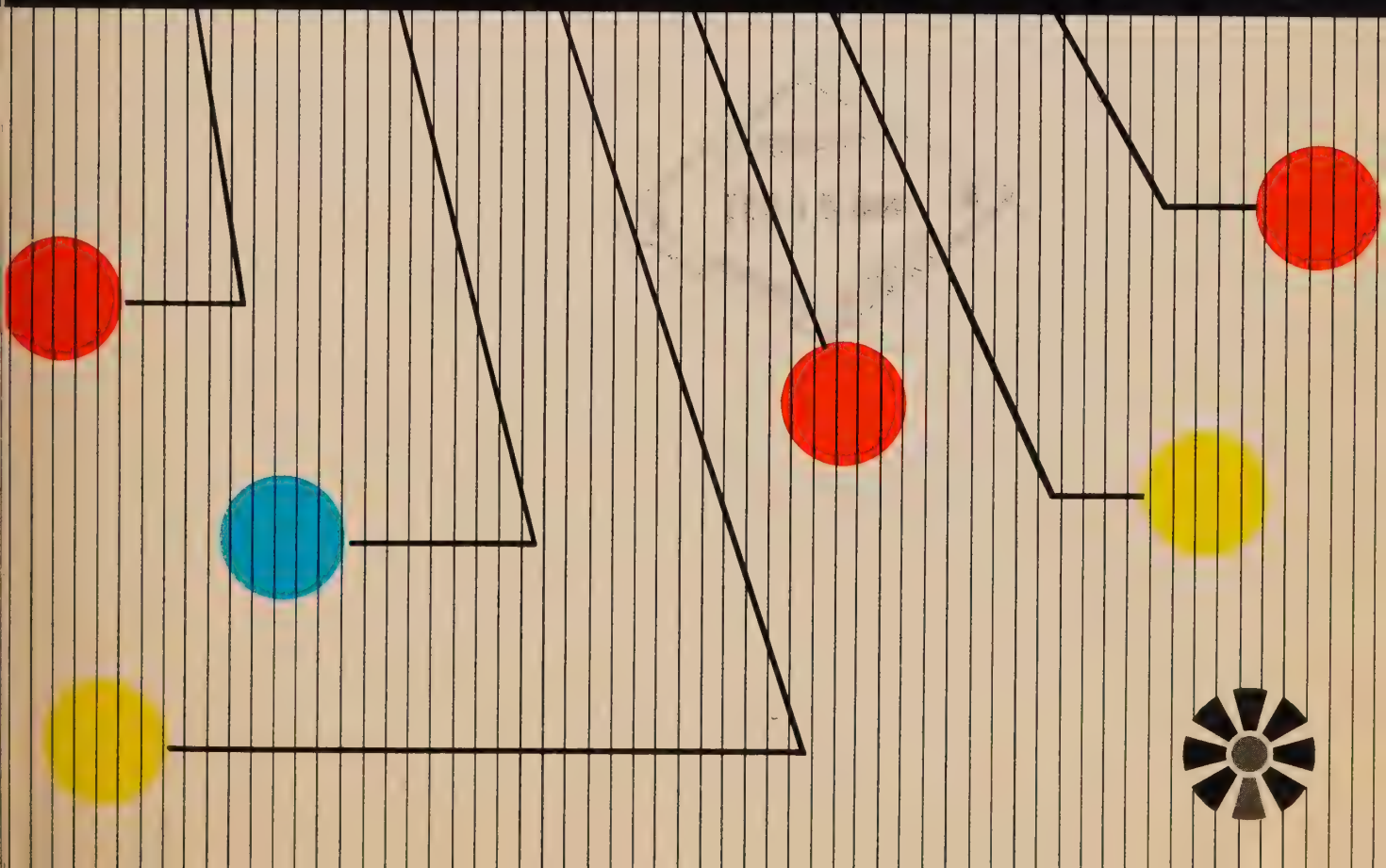
Salaries	\$443,366.67
Professional and special services	23,413.37
Travel	31,836.92
Freight, express and cartage	526.75
Telephones and telegrams	14,113.80
Publication of departmental reports, etc.	16,218.03
Advertising, films and displays	62,189.91
Office stationery, supplies and equipment	54,685.41
Design Centre furnishings and equipment	30,834.23
Grants, scholarships and bursaries	14,000.00
Sundries	1,412.88
TOTAL	\$692,597.97

STATUTORY — MINISTER OF INDUSTRY

Salary	\$ 10,282.25
Motor car allowance	1,370.91
	\$ 11,653.16
TOTAL	\$704,251.13

annual report/1965

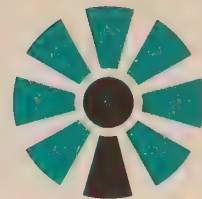
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annual report/1965



ROGER DUHAMEL, F.R.S.C., Queen's Printer and Controller of Stationery, Ottawa, 1966

MINISTER
OF
INDUSTRY



MINISTRE
DE
L'INDUSTRIE

Ottawa, January 31, 1966.

*His Excellency, General Georges P. Vanier, P.C., D.S.O., M.C., C.D.,
Governor-General of Canada.*

May it please your Excellency:

I have the honour to submit to your Excellency the report of the Department of Industry covering the period 1 April 1964 to 31 March 1965.

A summary of the operations and services rendered by this Department, under their respective headings, is laid before your Excellency.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "C. M. Drury", with a long horizontal stroke extending to the right.

C. M. Drury,
Minister of Industry.

DEPUTY MINISTER
OF
INDUSTRY



SOUS-MINISTRE
DE
L'INDUSTRIE

Ottawa, January 28, 1966.

The Honourable C. M. Drury,
Minister of Industry,
Ottawa, Canada.

Dear Sir:

I have the honour to submit the second Annual Report of the Department of Industry, covering the period from 1 April 1964 to 31 March 1965.

Having largely met initial organization and staffing requirements in the previous year, the period's activity concentrated on the development and implementation of programs aimed at fulfilling the Department's statutory responsibilities. The following report reviews progress towards meeting these objectives, including certain more recent developments growing out of this activity.

Yours sincerely,

A handwritten signature in blue ink, reading "S. S. Reisman". The signature is stylized, with the first letters of the first and last names being large and prominent.

S. S. Reisman.



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ROLE OF THE DEPARTMENT OF INDUSTRY

Under the provisions of the Department of Industry Act, which was proclaimed on July 26, 1963, Parliament has given the Department of Industry the responsibility:

"... to acquire a detailed knowledge of manufacturing industries in Canada;

promote the establishment, growth, efficiency and improvement of manufacturing industries in Canada; and

develop and carry out such programs and projects as may be appropriate.

to assist the adaptation of manufacturing industries to changing conditions in domestic and export markets, and to changes in the techniques of production,

to identify and assist those manufacturing industries that require special measures to develop an unrealized potential or to cope with exceptional problems of adjustments, and

to promote the development and use of modern industrial technology in Canada and improve the effectiveness of the participation by the Government of Canada in industrial research."

In addition, the Department of Industry Act gives the Department the responsibility for preparing and carrying out programs to improve the economic development of areas of the country experiencing high levels of chronic unemployment and slow rates of growth.

The establishment of the Department of Industry recognized the growing importance of the manufacturing industry in the Canadian economy. During the last twenty-five years, Canada has emerged as one of the leading industrialized nations of the world. Whereas in pre-war years Canada was noted chiefly as a producer and trader of primary products, in recent years manufacturing has accounted for more than a quarter of the value of all goods and services produced in Canada and direct employment in manufacturing industries accounts for somewhat more than 1.5 million persons.

A major element in this growth has been acceleration in the rate of technological progress. Much of the current business of science-based companies is derived from new products unknown only a few years ago. Even the more traditional industries have been influenced by this process. The need to adapt rapidly to the competition created by the flow of new products and processes presents a growing challenge to Canada's manufacturing industries.

The pace of technological development constitutes a major influence in the growth of the industrialized nations. At the same time, the emerging nations are bringing to world markets the products of newly-developed natural resources and are pressing to develop their own manufacturing industries. As a consequence, Canadian manufacturers face an increasingly competitive international environment.

Technological and economic advances tend to encourage the use of specialized machinery and mass production methods to the point where, in many cases, it is uneconomical to build plants for the production of relatively small quantities. In response to these conditions, nations are adopting measures to reduce both tariff and non-tariff barriers and traditional patterns of trade are being modified as new trading blocs are formed.

Under these rapidly changing conditions the government has a continuing responsibility for helping to create an environment which will encourage the various sectors of the economy to work toward the national economic goals of: high levels of employment, a satisfactory rate of economic growth, rising standards of living, an equitable sharing of national income, and reasonable stability of prices.

In present circumstances it is important to emphasize the need to avoid inflationary pressure as an essential condition to the achievement of these economic objectives.

In the main, it is for the business community, in co-operation with labour, to take

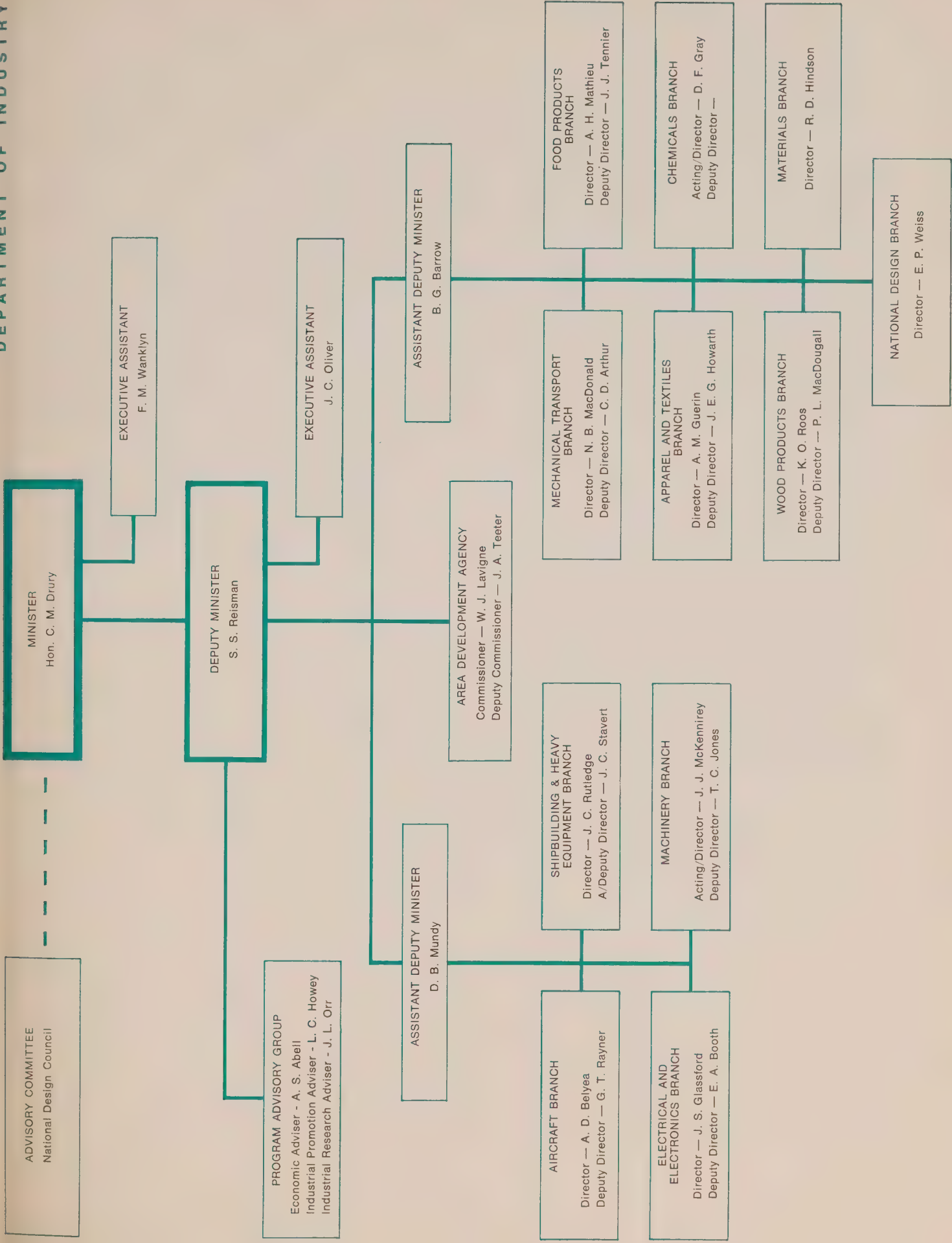
and implement the myriad complex decisions which together will result in the level and quality of economic activity required to achieve these goals. Nonetheless there are certain important elements of our economic environment which only governments can deal with effectively.

The principal instruments available to government to shape the economic environment are monetary and exchange policy, fiscal policy and commercial policy. It is a primary concern of the Department of Industry to develop and bring to bear a point of view which will ensure that these policies are formulated in such a way as to encourage the vigorous growth of Canada's manufacturing industry. Of these, the Department of Industry is most directly concerned with commercial policy which has sufficient flexibility to enable it to be more closely tailored to conditions which prevail in specific industries or sectors of the economy.

The effective application of these general instruments of economic policy is essential for the attainment of a generally vigorous economy. However, even when this is achieved, there would remain serious problems of slow growth, excessive unemployment and adaptation to change in certain industries and regions which require special efforts for their solution. The Department of Industry has a particular responsibility for identifying special industrial and regional problems of this kind and for formulating and applying programs and policies for solving or alleviating them.

The task of adjusting to rapidly changing economic and industrial conditions is formidable. It cannot be accomplished by a single measure or within a short period of time. Business, labour and government have to search continually for new opportunities and ways to increase efficiency, and productivity of Canadian industry. In this task the Department of Industry has sought to emphasize, in particular, the need to encourage a greater degree of specialization, to give increasing attention to good industrial design, to make greater use of the industrial research and development required to develop new and better products and processes and to compete more effectively in world markets.

To help in the formulation of sound economic policies by government, to permit the development of effective programs and measures for industrial expansion, and to assist the business community in obtaining more complete information about changing economic conditions and opportunities, the Department of Industry has placed a high priority on the task given to it of acquiring a detailed and comprehensive knowledge of manufacturing industry in Canada and abroad. Basic information required to fulfill this task is being developed progressively, and the Department has been able increasingly to respond to requests for reliable data concerning our manufacturing sector from the various government departments and agencies and from the business community.



ORGANIZATION OF THE DEPARTMENT OF INDUSTRY

Initial planning of the Department's organization has been completed and staffing is well advanced. Recruiting continues in selected areas with special attention to the personnel requirements for new departmental programs. Ten operational branches have been established, each concerned with an industry grouping: Aircraft, Chemicals, Apparel & Textiles, Electrical & Electronics, Food Products, Machinery, Materials, Mechanical Transport, Shipbuilding & Heavy Equipment, and Wood Products.

The Area Development Agency, which develops and administers programs to foster industrial growth in certain designated areas of Canada, has been organized into two main groups. One of these consists of area specialists who concentrate on particular regions of the country. These officers work with the operational branches of the Department as well as with federal, provincial and municipal departments and organizations in promoting regional development. The other group administers the special incentives for designated areas.

In order to provide expert staff support to the ten operational branches and the Area Development Agency, the Department has established a Program Advisory Group and

a National Design Branch. The Program Advisory Group consists of a small number of officers experienced in economics, commercial policy and industrial research and development. Their function is to advise departmental management and the branches in these areas as well as to co-ordinate departmental programs related to them. The National Design Branch is responsible for promoting and encouraging good design in Canadian industry.

Legal, financial, personnel and other administrative services are provided to the Department of Industry by the staff branches of the Department of Defence Production which have been enlarged for this purpose. Since the staff and administrative units of the Department of Defence Production were already in existence, they were able on an interim basis, to service the Department of Industry quickly and effectively. This arrangement permitted the Department of Industry to begin operations earlier than would have been possible otherwise and permitted economies in the operation of the staff and service activities of the two Departments. Recruitment of Department of Industry personnel began in October, 1963. At March 31, 1965 the staff of the Department totalled 363 of which 217 were officers and 146 were support staff.

ACTIVITIES AND PROGRAMS

The activity of the Department of Industry may be conveniently classified under three main headings:

First, there are the day-to-day activities required to achieve and maintain a detailed knowledge of manufacturing industry as a basis for departmental policies and programs and to service other government agencies as well as the business community. Numerous requests for information and technical advice covering a wide variety of industrial problems are received from the various levels of government, from private firms, industry associations and similar groups.

Second, the Department of Industry has a responsibility to ensure that the wide-ranging activities of all other federal departments and agencies are planned and administered with full knowledge of the

probable impact such activities may have on Canadian industry. This requires that the latest available data on Canadian industry be obtained, analysed and presented through the structure of committees, councils and boards which develop, adopt and administer governmental policies and programs. The Department of Industry attaches great importance to this responsibility and maintains an extensive net-work of relationships with private firms and industry associations to assist in fulfilling it effectively.

Third, there is an expanding range of programs developed and implemented by the Department to fulfill specific responsibilities in its statute.

A review of the major programs undertaken in the past year, their aims, methods of operation and results to date, are discussed in the pages which follow.





INDUSTRIAL RESEARCH & DEVELOPMENT

In the past several decades the industrial economics of the world have experienced a technological revolution based on the systematic application of science to the development of new products and processes. The product lines of many established industries have undergone rapid and continual change, and completely new "science-based" industries have emerged. These "science-based" industries have consistently demonstrated higher rates of growth than the national averages. Their products have been the fastest growing element in world trade.

Given the progressive reduction in barriers to world trade characteristic of the post-war period, Canadian industry has had to face more intensive competition both at home and abroad. Such competition is not based on price alone; more and more invention and innovation have come to be its dominant features. Under these competitive conditions scientific and technical superiority is essential.

Comprehensive studies of the current state of industrial research and development in Canada have been undertaken by the Department of Industry. They reveal that current Canadian efforts to apply scientific findings to the development of new products and processes are inadequate when compared to the success achieved through basic and applied research endeavours. Furthermore, the contribution of Canadian industry to the total national scientific effort appears to be considerably below that of other industrialized countries.

Although in 1963 the federal government had a number of measures in force designed to stimulate scientific activity in Canadian industry, there remained an important gap in the application of science to the development of products and processes for civilian use.

In order to fill this need the Department of Industry established the Program for the

Advancement of Industrial Technology (PAIT) as announced on June 4, 1965.

The basic aim of the program is to help Canadian industry upgrade its technology and expand its innovation activity by underwriting specific development projects which will result in a significant technical advance and which offer good prospects for commercial exploitation.

Industry is asked to submit proposals for shared-cost development projects to the Department of Industry. In most cases the PAIT provides funds for one half the cost of approved projects. The government's share of development costs will be repaid over an agreed period of time from revenue obtained as a result of the successful commercial exploitation of the development.

Since gaining program approval in June 1965, a number of projects have been approved to encourage development efforts in the apparel and textile, materials, electrical, aircraft and machinery industries. Expenditures for 1965/66 will be about \$2.9 millions. Expansion of the program is expected in future years, depending upon industry's needs and its ability to expand its level of research and development activity.

In accordance with policy announced in the last Budget Speech, the Department of Industry has taken action toward establishing a revised program of General Incentives for Research and Development (GIRD).

Since 1961 the Income Tax Act has permitted 100 per cent depreciation of capital costs for research purposes in the year incurred, in addition to the deduction of all current expenditures. However, this measure did not produce the desired result, and it was reinforced in 1962 by the introduction of a tax incentive whereby corporations were able to deduct from their taxable income an "additional allowance" of 50 per cent of the amount by which their expenditures on scientific research exceeded their total expenditures for this

purpose in the 1961 base year. This provision was made for an initial period of 5 years and, where full advantage could be taken, it effectively reduced the cost of new R & D effort to 25 cents on the dollar.

This incentive has apparently had a significant effect on the expansion of R & D expenditure by Canadian industry. Statistical evidence for the first two years of its operation indicates that capital expenditures rose by the remarkable figure of 120 per cent between 1961 and 1963. In the case of current expenditure, the overall rise in company-financed R & D was 35 per cent (16% per annum) which includes the combined effects of normal growth (about 10% per annum) and cost-shared research as well as the tax incentive.

However, the use of taxation as a vehicle for subsidizing R & D effort is essentially discriminatory since eligibility depends on the firm's tax position. Under these circumstances, many small or growing firms which are not in a profit-making position (but which perhaps have the greater need for R & D assistance) are excluded. Thus, in 1963, only 265 out of a total of some 600 firms performing R & D were able to claim benefits under the additional allowance. In order to broaden the availability of the general incentive, it has been decided to remove it from the Income Tax Act and to provide a system of statutory grants (or credits against tax liabilities) for which all

firms performing R & D can qualify. This new program will be known as the "General Incentives for Research and Development" (GIRD) and will be administered by the Department of Industry.

The level of benefits under the new program which begins in 1966 will be broadly equivalent to those previously available under the tax incentive. In order to foster the provision of new laboratories and better equipment for industrial research, all capital expenditures will qualify for a 25 per cent bonus. A 25 per cent bonus will also apply to operating expenditures, but since the basic objective is to encourage expansion of R & D effort, the "additional feature" of the tax incentive will be retained. Thus, the bonus on operating expenditure will be based on the incremental expenditure over the average of the preceding three years. These grants will not be taxable.

The Department of Industry in co-operation with the Department of Defence Production administers the program "to sustain technological capability in Canadian industry by supporting selected defence development programs." Expenditures for the year 1965-66 will reach a level of \$25 million. Because of the program's defence orientation, the bulk of these expenditures will be made in the electronics and aerospace industries.

AREA DEVELOPMENT

The Area Development Agency was established July 25, 1963 under the provisions of Part II of the Department of Industry Act. It is responsible for developing and administering special measures to foster employment and higher income through industrial expansion in "designated areas" in Canada. It was created in recognition of the fact that while broad national policies help to moderate regional economic problems, a program of special measures is required to foster development in those regions of Canada suffering from chronic unemployment and lower levels of income than generally prevail in most regions of Canada.

As initiated in the fall of 1963, the program provided a tax benefit for new manufacturing and processing industries which were established in areas designated under the Industry Act. These tax benefits took the form of a three-year income tax exemption and accelerated capital cost allowance for new machinery and equipment or buildings established in these special areas.

Designated area boundaries were based on local office areas of the National Employment Service and each was composed of an industrial and commercial centre plus a hinterland of varying size and population density.

Although this program has been in effect for only about two years, there has been a substantial response from industry. More than 350 firms have indicated that they intend to take advantage of the tax incentives and establish in designated areas. It is estimated that these new establishments will employ over 24,700 workers in their own plants, and indirectly will create an equal number of additional jobs in the construction, supply and service industries. The total investment made in these new facilities will amount to more than \$630 million — an average investment of about \$25,000 for each worker employed in the new plants. The number of new jobs

created in these establishments represents over 3 per cent of the labour force in the "designated areas". An additional 260 firms are taking advantage of the accelerated depreciation allowance on over \$60 million of investment in new buildings and extensions in designated areas.

Following a review of the program undertaken early in 1965 it was decided to amend the program to provide for cash grants instead of a tax exemption.

A tax holiday is of benefit only to those firms which are able to reach a profit position early in their new operations. Most firms are unable to achieve this since they have to provide for market development and for other settling-in costs during their first years of operation. Moreover, it was found that smaller firms of a type well adapted to many designated areas experienced difficulties in initial financing. Accordingly, the government has decided to replace the system of tax benefits for new manufacturing and processing enterprises in designated areas with a system of capital grants based on investment in new facilities.

The Area Development Incentives Act, which was passed by Parliament on June 30, 1965, provides for these capital grants in respect of new facilities and in respect of substantial expansions undertaken by firms already located in these areas. A firm which qualifies for a grant may elect to take it in the form of a credit against its income tax liabilities. The development grants will be exempt from federal income tax, and do not reduce the amount of capital cost which may be used for tax purposes.

The system for selecting areas was amended to include the following criteria: areas where under-employment is very severe; areas where unemployment is substantially above the national average and the rate of increase in employment is substantially slower than the national average; areas where there has been a large and

persistent decline in the number of people employed; and areas where under-employment is reflected in income levels well below the national average.

These changes resulted in an increase in the number of designated areas to 81 from 35, which in turn increased the coverage of the program from 7½ per cent to 16 per cent of the Canadian labour force. It should also be noted that several areas designated under the original program enjoyed a sufficient degree of economic improvement to justify their withdrawal. These included the Pembroke, St. Jean and Brantford areas.

Following March 31, 1967, the tax exemption incentive will terminate and the program will be converted exclusively to one of cash grants or credits against income tax liabilities.

In recognition of the strong interest of the provinces in economic growth within their borders and the growing number of regional economic development programs being established by the provincial governments, the 1965 review of the program was discussed in detail with the provinces be-

fore changes were finally made. Such consultations with provincial governments are maintained by the Area Development Agency on a continuing basis in order to take account of emerging provincial policies in this area. While consultation with the provinces is an important feature of program development, the area development project, as operated by the Department of Industry, is essentially an extension of the national full employment policy of the federal government. In this context the elements of regionalism in the area development program are incidental to the program's main purpose.

In recognition of the necessity for basing area development on sound research, the Agency carries out and sponsors studies to refine further the system for drawing regional economic boundaries; to determine the direct and indirect effects of establishment of new industry on employment and income by following up on the results of the program; and to estimate the degree of influence the area development incentives have upon industry's decisions to locate in designated area.



INDUSTRIAL DESIGN

Improved product design is an important element in the development of Canadian industry and trade. In order to assist in the improvement of design in Canadian products, the Department, in close co-operation with Canadian business, has expanded its design activities over the past year. These activities include the continuation of programs which have been initiated over the past several years and have proven highly successful as well as the introduction of major new programs.

The continuing design programs of the Department include:

- the *scholarships and grants* program which offers financial assistance to students of design for advanced study in Canada and abroad and to persons engaged in design research projects;
- the *Canadian Design Index*, a catalogue providing information on outstanding products of Canadian design;
- the *Register of Canadian Designers* which provides information to industry on designers and design services;
- the *design library* which contains books, periodicals, films and slides on design subjects for use by the public.

During the past year a number of new programs were initiated and these are outlined below:

The Canadian Design '67 program, announced in February, 1965, is aimed at assisting Canadian businessmen to take advantage of the excellent business and promotional opportunities generated by Canada's Centennial celebrations and Expo '67. It offers Canadian designers and manufacturers greater opportunities to provide the thousands of new or unique products required to construct, furnish and

equip the numerous buildings for Centennial projects and for Expo 67, as well as giftware for the millions of visitors who will be in Canada during 1967.

The key to the success of this program is the identification of the types and volume of products required for Centennial year activities and Expo '67, so that this information can be passed on to potential Canadian designers and manufacturers to enable them to meet these needs.

At the same time, persons associated with the planning and construction of these projects are made aware of existing products and new product designs available from Canadian designers and manufacturers.

Product designs are presently being evaluated and a catalogue containing details of outstanding products and product designs is being compiled. This catalogue will be distributed to those involved in Centennial projects and Expo '67 and a selection of the best new product designs in the catalogue will be displayed at the Design Centre in Toronto. In addition, the outstanding products and new product designs will be granted special awards and labelling privileges.

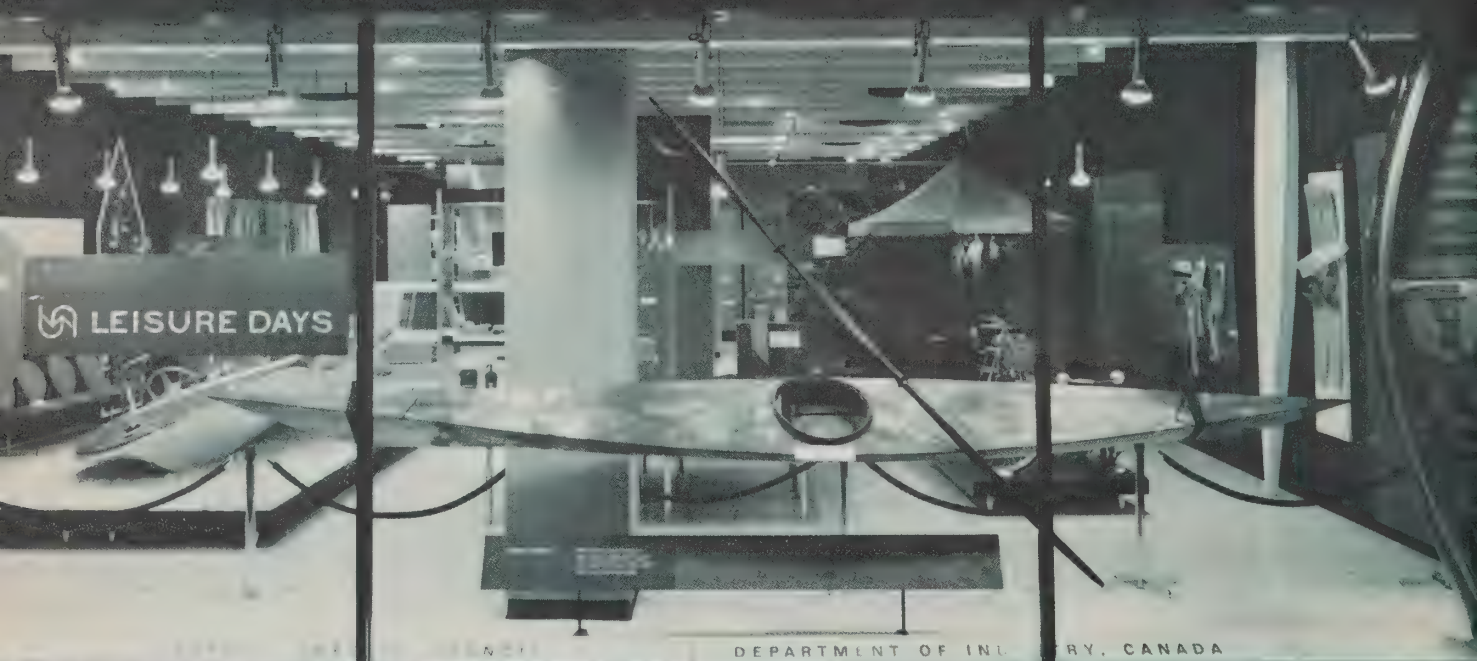
A number of companies are working with the Department in sponsoring awards programs for specific types of products. These companies are providing funds to help defray the cost of prototype developments for award winning products.

The Department maintains a Design Centre in Toronto. The purpose of the Centre is to encourage and support new and improved product design and to focus the attention of manufacturers, distributors, domestic and foreign buyers and the general public on the merits of good Canadian product design. The Centre contains a large display area and also features the Canadian Design Index, a design library and lecture room, fully furnished with audio visual equipment.

The Department and the National Design Council are now in the process of estab-



THE DESIGN CENTRE



DEPARTMENT OF INDUSTRY, CANADA

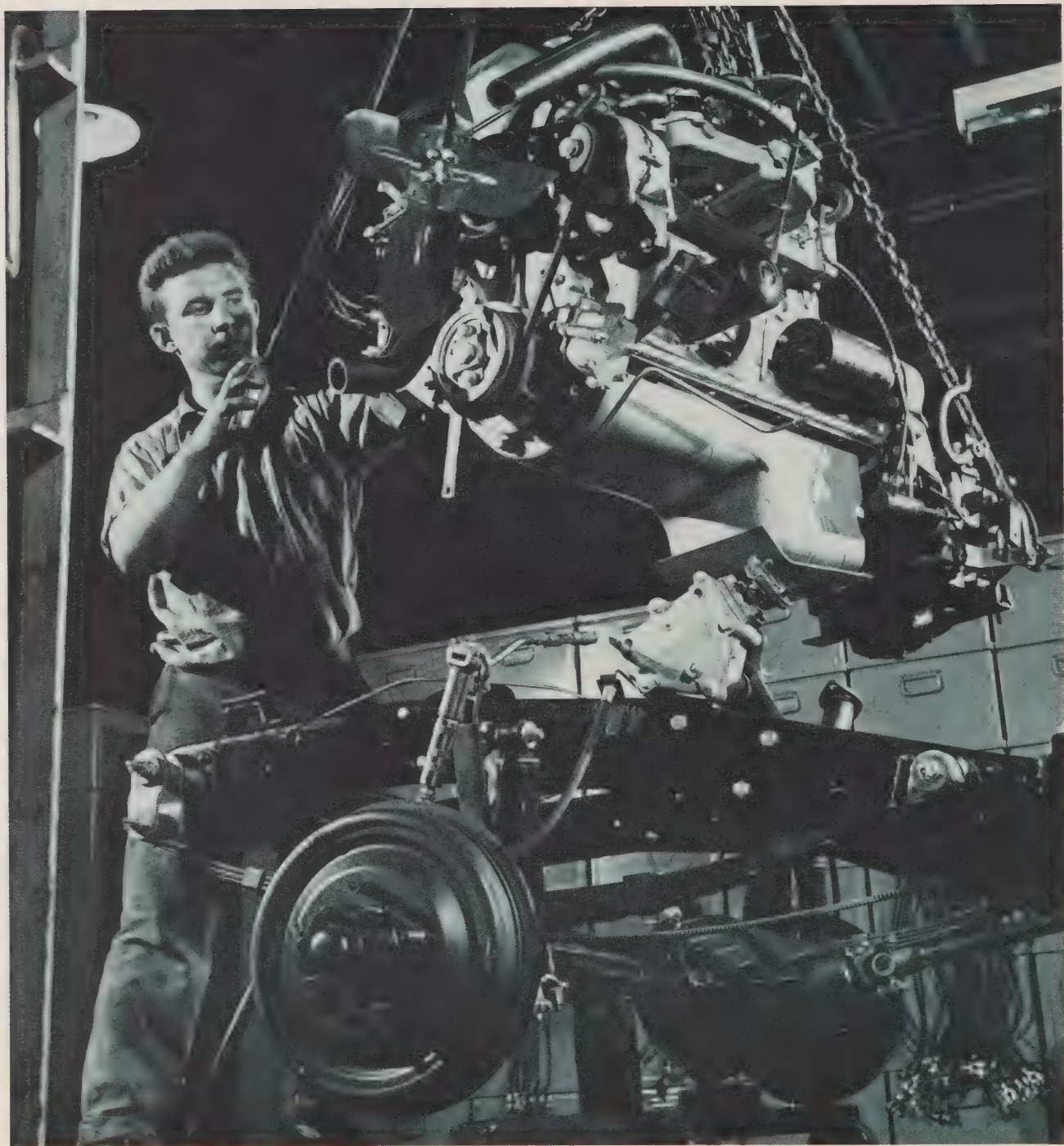
lishing a second Design Centre in Montreal.

The Department of Industry and the National Design Council in co-operation with manufacturers' associations and professional bodies have been co-sponsoring a series of major design awards programs in various product categories. The Structural Steel Design Awards Program, established to encourage the creative use of structural steel was co-sponsored with the Canadian Institute of Steel Construction. The Canadian Wood Design Awards Program is presently being carried out in association with the Canadian Wood Council.

Canadian Design '67 has revealed that a number of construction programs of major proportion in large urban centres are being planned for the next decade. As matters now stand, it is to be expected that many of the products required to construct, furnish and equip these develop-

ments will not be available from Canadian sources. In a number of product fields, Canadian industries do not have the capability to compete successfully. In many other fields, however, they do have the potential capabilities to compete. A combined government, industry and business-sponsored program which would provide direction, encouragement and incentives for greater design effort would materially assist Canadian industry to achieve this goal.

A program is being undertaken comprising a series of projects each covering in depth specific products required for major developments planned in Canada over the next decade. The primary objective of these projects is to encourage design improvement of a limited number of carefully chosen products which are, or could be, significant to industrial growth and trade expansion.



AUTOMOTIVE INDUSTRY PROGRAM

Since the Automotive Program was introduced in January, 1965, substantial progress has been made in achieving its objectives of expanding production and employment in the motor vehicle and auto parts industries on an efficient basis.

The Program consists of two parts: the Canada-United States Agreement on Automotive Products and the commitments by individual Canadian motor vehicle producers that they will substantially increase their production and purchases in Canada by stipulated amounts and percentages.

The Automotive Agreement is one of the most important trading arrangements ever made between our two countries. Under its provisions, Canadian-made motor vehicles and original equipment parts enter the United States free of duty. On the Canadian side, vehicles and original equipment parts may be imported duty-free by a Canadian vehicle manufacturer who meets a number of specific requirements. These are set out in a tariff item which forms a part of the Canada-United States Agreement and in the Letters of Commitment. Under these requirements, each vehicle producer in Canada must meet the following conditions:

- (1) *It must maintain the same ratio of vehicle production in Canada to vehicle sales in Canada that existed in model year 1964.*
- (2) *It must maintain Canadian value added in vehicle assembly in Canada at least equal to that achieved in model year 1964.*
- (3) *It must increase Canadian value added by production or purchases in Canada equal to 60 per cent of increased sales over those achieved in the model year 1964 base period.*

In addition to these requirements, vehicle producers must increase their annual total production or purchases in Canada by \$260 million, beginning not later than model

year 1968. This amount is in addition to the increased Canadian production of vehicles or purchases of parts achieved through growth in the market. It is also in addition to the Canadian value added which was achieved in the 1964 model year base period, and which must be maintained each year.

Duty free entry of auto parts into Canada is also available to parts makers if they are for use in Canadian vehicle production.

These provisions mean that, for the first time in our trade relations with the United States, there is recognition that the differences in size, financial strength and in the stage of development of our industries require special arrangements to ensure that Canada, in fact as well as in theory, derives reciprocal benefits from trade agreements between the two countries.

Moreover, this agreement recognizes that it is necessary to do away with institutional barriers to trade, as well as formal governmental barriers, if Canadian industries are to be able to participate effectively in the United States market.

Another important feature is the acceptance of the principle that Canadian industry is entitled to a reasonable transitional period to facilitate its adaptation to production for the larger international market. Furthermore, the Agreement places the Automotive Program on an agreed basis, thereby giving companies in both countries reasonable assurance as to its status and stability.

Already the Program and the automotive measures adopted earlier by the Government in November, 1963, have had substantial beneficial effects. To date, the industry has announced the expansion of, or concrete plans for expansion of, 127 plants. In addition, it has announced the establishment of 60 new plants in Canada, making a total of 187 plant expansions or new plants. This expansion includes assembly facilities for cars, production and assembly facilities for trucks and buses, technologically advanced engine plants, a

large new trim plant, new installations for commercial vehicle frames, stamping plants and other facilities to manufacture efficiently many other automotive products.

Many of these new and enlarged facilities are being designed to service not only the Canadian market but the United States and other markets as well. Expansions are also taking place in the materials supplying and service industries which rely upon the automotive industry as one of their major customers.

Production during the first eleven months after the Automotive Program was introduced totalled over 764,000 motor vehicles, a 23 per cent increase over the same period in 1964 and a 36 per cent increase over the same period in 1963. The value of production of motor vehicle parts and accessories for model year 1965, the latest complete production year, shows a 51 per cent increase over model year 1963, which was the last model year prior to the introduction of the automotive measures in the fall of 1963.

During the first eight months of the Program the average number of workers in the automotive industries increased by 8,600 persons, a growth of 13 per cent over the same period in 1964. More than 3,500 of these additional jobs are in the auto parts industry.

Exports of Canadian automotive products have been expanding rapidly under the Program. During the first nine months of 1965, exports to all countries amounted to more than \$220 million, an increase of 230 per cent over the same period in 1963 and 83 per cent greater than in 1964. Imports, on the other hand, increased by 24 per cent in the first eight months of 1965 compared with the same period in 1964. Exports to the United States during the first nine months of 1965 increased to \$124 million, compared with \$61 million during the same period in 1964 and only \$25 million in 1963. This represents annual increases of 102 per cent (1965 over 1964)

and 147 per cent (1964 over 1963); over the two-year period there was a 400 per cent increase.

This substantial increase in Canadian exports has contributed favourably to Canada's balance of payments and trade. For many years, Canada has had a large adverse balance of trade in motor vehicles and parts. This imbalance has increased sharply in recent years, largely because of the expansion in the Canadian automotive market and the fact that Canadian production has a high import content. Between 1961 and 1964, this imbalance grew from \$476 million to \$646 million, with the greater portion of the deficit caused by imports from the United States.

The record growth in the market for automobiles during model year 1965 would have resulted in a further major increase in the adverse balance in the absence of the Automotive Program. If exports had continued at the 1962 level, the imbalance would have grown by \$183 million in model year 1965, compared with the previous model year. Instead, the actual increase was approximately \$19 million. This is an increase of less than three per cent, whereas in 1964 the increase in the imbalance over the previous year was 21 per cent.

There is no doubt that significant progress has already been made in reducing institutional barriers to a freer flow of trade in automotive products on a North American basis. At the same time it cannot be expected that deeply-rooted habits and traditions of doing business in this industry can be changed in a few months. During the period of transition special problems will inevitably emerge which will have to be dealt with expeditiously and equitably to ensure that the purposes of the programs are achieved with a minimum of disruption. The Department will keep in close touch with developments in the industry so that problems can be anticipated and dealt with promptly.

In summing up, the success of the Automotive Program is demonstrated by the new investment, the increased employment, the expanded production, the greater efficiency and the new trade which has been developed. The Program is bringing new prosperity and employment to Canadians and is making a major contribution to the further development of manufacturing industry in Canada on an efficient and competitive basis.

ADJUSTMENT ASSISTANCE

The Automotive Program offers new opportunities to Canadian automotive parts manufacturers for expanded production, rationalization of output and reduced costs. The results of the program to date demonstrate quite vividly that substantial progress is already being made toward the achievement of these objectives. At the same time, the fact that the automotive parts industry has to undertake substantial re-equipment and expansion so as to participate fully in the automotive program means that a con-

siderable number of firms must have ready access to financial resources. In order to ensure that no legitimate need for capital is unfulfilled, a special fund of \$20 million was voted by Parliament in the last session from which loans are made to parts makers who must re-equip their facilities because of the program but who are unable to do so through lack of financing. These loans carry an interest rate of 6 per cent and are repayable over not more than 20 years for land and buildings and 10 years for machinery, equipment and working capital.

The administration of this fund is the responsibility of the Adjustment Assistance Board, under the chairmanship of Dean Vincent Bladen and composed of the Deputy Ministers of Industry, Finance, Trade & Commerce and Labour. The auto parts industry is showing an active interest in the financial assistance loans available under this program. A number of applications for loans have been made to the Board. Some of these have been approved and the others are under consideration.

CONSTRUCTION INDUSTRY

Canada is in the midst of a vast and unprecedented program of building and construction, not only in the housing field but also in the industrial, commercial and public sector. It is estimated that in 1970, annual expenditures on new residential construction alone will have passed the 2.5 billion dollar mark; a 50 per cent increase over the 1963 level. This is in addition to the large increases in construction expenditures predicted in the other sectors of the economy.

This building boom will involve new concepts in the development of urban areas. The emergence of major residential building complexes, comprising thousands of units in heavy density areas, will require greatly improved techniques of building construction.

As a result of discussions with interested groups, such as the Canadian Construc-

tion Association, which represents contractors, suppliers and manufacturers from coast to coast, it was concluded that the Department could usefully assist business and industrial groups to meet this requirement for improved techniques, equipment and materials. No less important are the many products which will be required to furnish, equip and service these vast new urban complexes. This will open up important new opportunities for Canadian manufacturers and the Department will endeavour to ensure that Canadian industry will be in a position to supply these requirements on an efficient basis. A comprehensive national program is being formulated which will include research and development assistance, design awards and the promotion of new product designs, technical missions, seminars and the provision of marketing and technical information to the industry.



SHIPBUILDING

The Canadian shipbuilding industry has played a significant role in Canada's development; supplying the needs of Maritime trade, defence and transportation. The Canadian shipbuilding industry can be proud of its contribution to these accomplishments.

However, the industry has been faced with major difficulties. Long range planning has been discouraged by the apparent absence of a stable market. The location of the industry has been widely dispersed. Improvements in plant facilities have been somewhat haphazard. Finally, shipbuilding has operated in an environment lacking the competitive character and productivity incentives characteristic of most other industrial sectors of our economy.

Certain federal government policies affecting the industry are being reviewed and modified with the objective of establishing an environment which, it is hoped, will lead toward the growth of an industry that is effective, self-sustaining and profitable. Specifically this will mean an environment in which the market requirements can be more accurately determined; in which effective competition is the rule rather than the exception and in which there are incentives to improved productivity. The Department is confident that the industry can and will respond effectively to the new conditions being established as a result of the review.

Early in 1965, the Minister of Transport announced the establishment of an inter-departmental committee to review the policy of assistance for commercial ship construction.

This committee has completed its work and the government has decided to reinstate a modified program of assistance for commercial ship construction. The modified program is intended to encourage the shipbuilding industry's acceptance of an environment comparable to that of other similar industries in the economy and to

increase its self-reliance without serious disruption of activity or employment.

This program provides that effective January 1, 1966, the government introduce subsidy payments for commercial ship construction. Such payments, based on the approved cost of a vessel and calculated at the rate in effect at the registration date, apply at a rate of 25 per cent for a period of three years. The amount of the subsidy will then be reduced by 2 per cent each year until a subsidy rate of 17 per cent is reached in 1972. A 17 per cent subsidy is equivalent to approximately 20 per cent tariff protection for the shipbuilding industry. For fishing vessels the current 50 per cent subsidy rate is being continued.

Vessels built for the account of the federal or provincial governments, or floating structures which cannot be considered vessels in the conventional sense, will not be covered by subsidies.

Those matters relating to shipbuilding and ship repairing, including the administration of ship construction subsidies, which are the responsibility of the Canadian Maritime Commission, are to be transferred to the Department of Industry. The Canadian Maritime Commission will concentrate on matters connected with maritime operations and will expand its functions in this area.

As a further approach to the encouragement of an effective and viable industry, the Department of Industry is examining measures of direct assistance aimed at improving productivity in the industry.

Increased productivity is a significant determinant of economic progress which, in turn, is obtained largely through improved technology. Programs such as the Department of Industry's Program for the Advancement of Industrial Technology have already been developed by the government to encourage industrial activity in this area. Other measures ranging from tax incentives for area development and research and development to shared costs for indus-

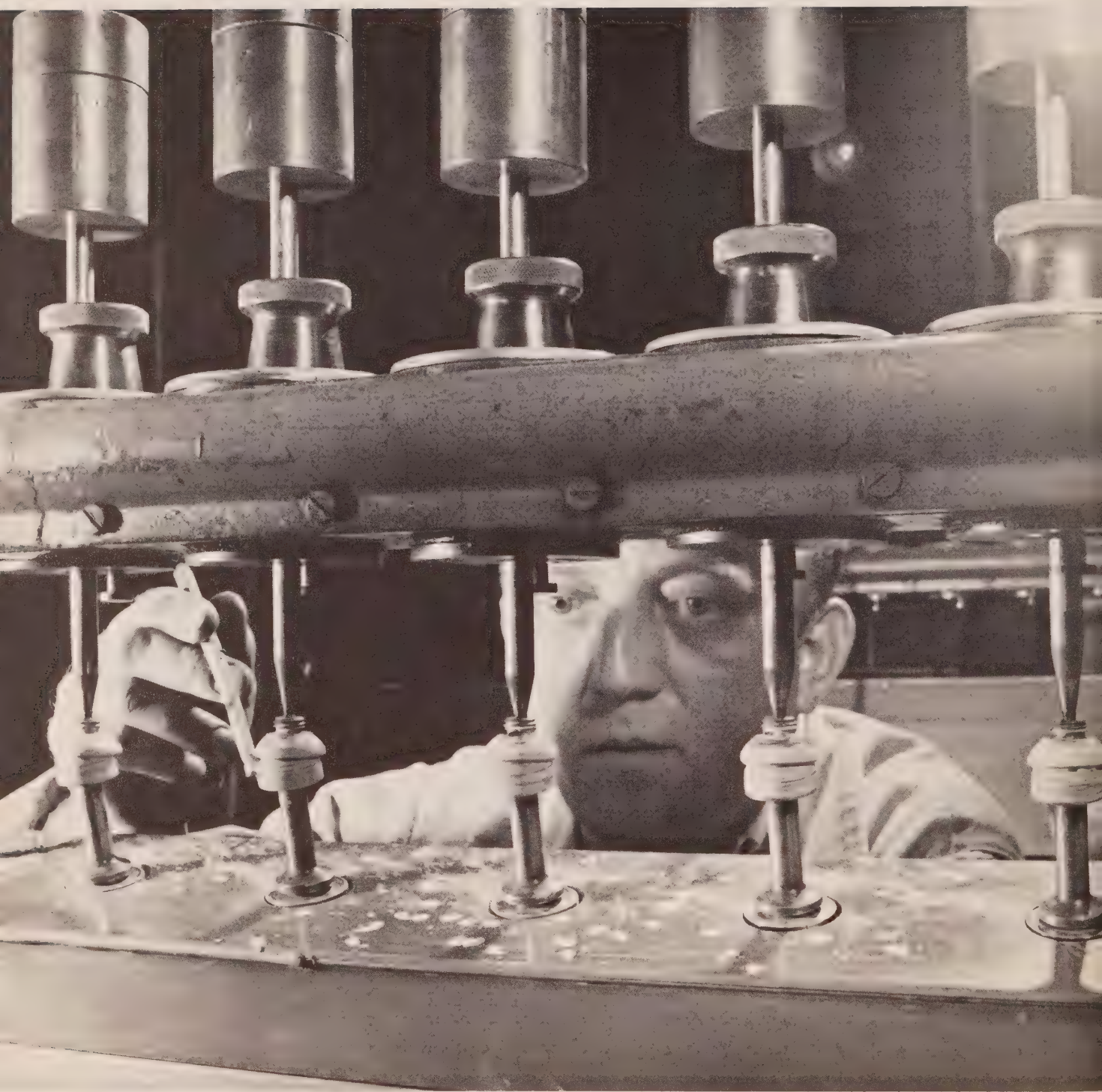


trial modernization have been introduced to promote industrial growth. The shipbuilding industry is encouraged to make use of such measures wherever possible.

However, it is recognized that there may be other measures which would be more effective in improving efficiency and increasing productivity in the shipbuilding industry. Accordingly, it is proposed that the Department of Industry in co-operation with industry will examine the applicability of present measures to their situation. The government is prepared to assist in the

development and implementation of practical programs incorporating such other measures as may be appropriate within sound principles of industrial development.

Production in this industry has reached record levels in recent years. The outlook for the next five years is favourable. It appears to be a particularly opportune time for the introduction of policies related to federal government procurement, subsidies and industrial development which will improve the industry's productivity.



MISCELLANEOUS PROGRAMS

DAIRY INDUSTRY

There are more than 750 creameries in Canada and many are uneconomic units. Many are small, lack modern equipment and are not able to produce an economic product mix. As a result costs are high, profits low and there is a high rate of business failure in the industry.

Work is well advanced toward obtaining information about dairy operations on a regional basis and by size and product mix, which will form the basis of recommendations for a program to assist the industry to modernize.

MACHINERY IMPORT PROGRAM

Continued economic growth and maintenance of a competitive international position requires that Canadian industry have access to the most modern capital equipment available. The Canadian machinery manufacturing industry has expanded rapidly to fill these needs. However, the current requirement for machinery and equipment requires development of new programs and measures to ensure continued growth of the domestic industry concurrent with ensuring that users can obtain the equipment they need as economically as possible. A full review of those elements of commercial policy which influence achievement of these goals has been prepared and proposals for their amendment have been developed for consideration by the government at an early date.

NUCLEAR POWER GENERATION

Successive governments have long supported the development of a nuclear energy industry in Canada. This country is now one of the world leaders in the technology of nuclear energy power generation. A large part of the initial activity leading to the establishment of this position has been carried out by government agencies in

co-operation with Canadian firms acting in a large measure as component suppliers to the government's primary effort. The growing competitiveness of nuclear power generation has developed a market which, in the not too distant future, can be economically supplied by private industry. The Department of Industry is working to encourage development of Canadian industrial capability in this field in order to facilitate the eventual transfer of industrial operations presently carried out by government agencies to the private sector.

HEAVY WATER RESOURCES

An essential and high cost component of the Canadian concept for development of nuclear power is heavy water. The success of the Canadian reactor concept, both for domestic and for export, is dependent on its availability.

It was anticipated that two heavy water plants would be constructed to meet this need, capable of producing 200 tons and 400 tons per annum, respectively. A plant of 200 tons capacity is presently under construction in Nova Scotia. A contractor has recently been chosen to construct the required second source.

By 1972 there will be firm requirements for production in excess of the heavy water capacity presently planned. Further expansion of heavy water facilities will be necessary and negotiations are now underway to enlarge the capacity of the Nova Scotia plant to at least 400 tons per annum.

TECHNICAL TRAINING FOR THE TEXTILE INDUSTRY

The textile industries suffer from a shortage of technically competent personnel. As a result, the rate of technical advance and the competitive position of the industry is adversely affected. The industry realizes its difficulty and has asked the department to work with it and with provincial governments in formulating a program to rectify this situation.

Work is already underway to upgrade the level of the available textile technical training facilities and the personnel resources of this industry. A survey has been undertaken by the department, working with industry, the provincial governments and the federal Department of Labour to determine the best types of training now available in Europe and the United States. These groups are now considering how the Canadian institutions can best be upgraded and ensure an adequate supply of trainees.

EDIBLE OIL PROJECT

Canada has an adverse balance of trade on oilseeds, fats and oils approaching \$100 million annually. One of the main reasons for this imbalance is the predominance of soyabean oil and its by-products in industrial and farm uses. Canada imports a sizeable portion of its soyabean requirements. Rapeseed oil and its by-products, which are entirely Canadian, is a potential alternative for soyabean oil. Because of certain problems, particularly respecting by-products which require further development work, the rapeseed oil crushing industry, while having great potential, has been somewhat retarded in its growth.

Work is being undertaken, in co-operation with industry and other government departments, to upgrade the quality of rapeseed oil products and to overcome the shortcomings which are present in certain rapeseed products.

FURNITURE

Furniture industry consists of a few large, relatively modern plants and a multitude of small and medium size plants. Imports of furniture amount to around \$40 million yearly and have been growing. Exports from Canada have been very small, although there are extensive opportunities in the United States market.

In order to assist this industry to realize its potential, the department has established a project to assist small and medium sized companies by making available to them information about optimum size of plant, layout, machinery, cost and work systems, materials utilization, design and marketing. It is proposed to work with the various furniture manufacturers' associations and the National Council to organize conferences and seminars to explain the program to the industry on a regional basis.

CANADIAN MANUFACTURING INDUSTRY IN 1965

In 1965, Canadian manufacturing industries continued to expand at a rapid rate, contributing substantially to the fifth consecutive year of overall economic growth in Canada. With a strong demand for almost all types of manufactured goods the major indicators of manufacturing activity were well above the levels of the previous year. On the basis of a ten month's year to year comparison, the volume of manufacturing production was 7 per cent greater; shipments were 6.8 per cent higher and on average, employment in manufacturing increased 5 per cent.

Practically all sectors of manufacturing showed production advances in 1965. However, as in the previous year, the largest gains in production were made in the durable goods industries, with the automobile, iron and steel, machinery, and electrical industries being the pace-setters.

In a number of industries, physical capacity limited the extent of the increase in output since, by year-end, production was at or near capacity in spite of the additional facilities brought into operation during the year.

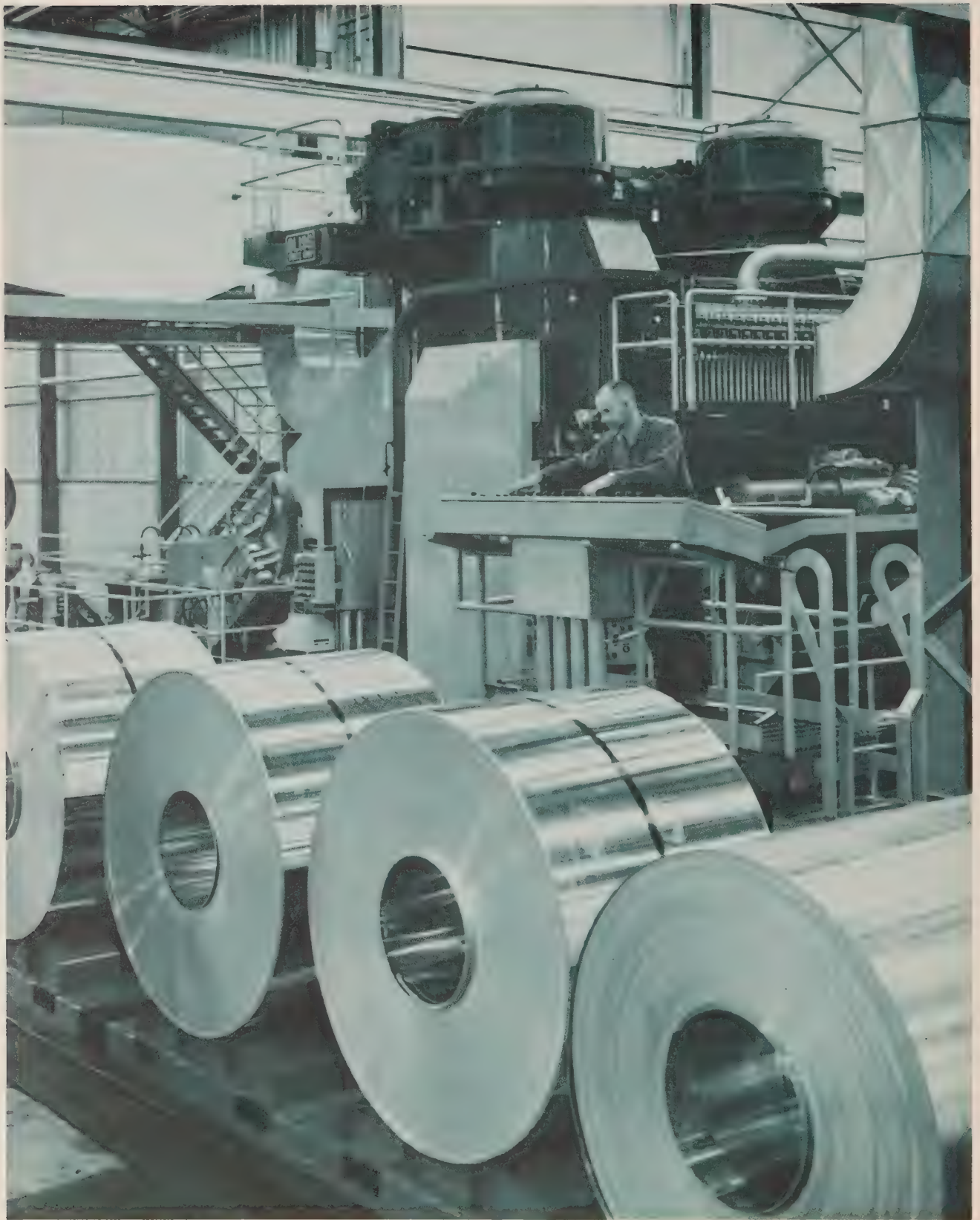
Also in 1965, Canadian manufacturers in increasing numbers encountered a shortage of skilled workers and professional personnel. This situation was reported in diverse industrial sectors such as the clothing, chemical, and machine tool industries. With the greater pressure on manufacturing facilities and the growing difficulty of obtaining the necessary skilled manpower, indications are that the rate of productivity increase in manufacturing in 1965 dropped below the rate of increase of the previous year and below the long term rate of increase for the period 1946-64. Between 1963 and 1964 output per man-hour in manufacturing rose by 2.8 per cent. Figures of employment, output, and man-hours for the first nine months of 1965 suggest that the increase in output per man-hour for 1965 was below 2 per cent.

At the same time, industry selling prices of manufactured goods moved steadily upward throughout 1965. By October the average of the industry selling price index was 1.4 per cent above the level of the corresponding month of the previous year, although in a few commodity areas including copper, wire and cable, meat products, and leather products, the price increases were well in excess of the average.

In 1965, the domestic and external demand for Canadian manufactured products was conducive to the rapid growth of secondary industry. Final domestic demand for goods and services increased significantly. In the first three quarters of last year, final domestic demand was 11 per cent greater, and, as in the previous year, consumer expenditure and business investment were particularly strong expansionary forces.

In the first nine months capital expenditure by business was about 17 per cent greater than in the first three quarters of 1964, and with the large outlays on new plant and machinery and equipment, this increased industrial demand was a major determinant of the rate of growth of Canadian manufacturing industry.

The buoyant demand for Canadian manufactured products during the past few years has led to increased pressure on production facilities and to substantial additions to plant capacity throughout various sectors of secondary industry. From 1961 to 1964 new plant and equipment expenditures by Canadian manufacturers amounted to \$5.5 billion. At mid-1965, manufacturers indicated that their expenditure intentions for 1965 were about one-third greater than their 1964 outlays. In the last half of 1965, however, there were indications that this level of new investment would not be fully achieved and that some projects would be carried over into 1966. Nevertheless, capital spending by manufacturing for the year as a whole was well above 1964 expenditures. In particular, there were large additions to capacity in the chemical, synthetic textile, petroleum



refining, automobile, pulp and paper, and primary iron and steel industries.

Consumer purchasing was also a strong factor in the overall advance of manufacturing last year. With high levels of industrial employment and a sizeable gain in farm income, personal income in 1965 was substantially above the level of the previous year. By the third quarter it was at an annual rate of \$39 billion, 11 per cent above that for 1964. Stimulated by this steady rise in personal income, consumer purchasing of goods in the first nine months was 7 per cent higher than in the corresponding period of 1964, almost matching the rate of increase of the previous year. Again as in 1964, durable goods purchases, particularly of automobiles and household appliances, were very strong. New passenger car sales in the first 10 months reached a record level of more than 680,000 units, 9 per cent greater than in the corresponding period of the previous year. Indicative of the buoyant demand for household durables, shipments of washing machines were up 10 per cent; dryers 25 per cent; refrigerators and freezers 11 per cent and television sets 6 per cent.

The expansion of secondary industry in 1965 was also in part a reflection of the continuing interest and ability of Canadian manufacturers to increase external sales despite some supply limitations at home and slower industrial growth in some of Canada's overseas markets. Following a strong performance in 1964 a high rate of growth in total manufactured exports was maintained in 1965 and in the first nine months the combined exports of fabricated materials, and end or finished products other than food were 8 per cent greater than in the corresponding period of the previous year. In particular, the end products category of manufactured exports showed a sharp rise, 15 per cent greater in the first three-quarters of 1965, mainly as a result of greater shipments of automotive products, various types of industrial and agricultural machinery and communica-

tions equipment. By far the most significant increase occurred in the exports of motor vehicles and motor vehicle parts reflecting in part the early effects which the Canada-United States Automotive Agreement has had on automotive production and trade between the two countries. In the first nine months of 1965 motor vehicle exports doubled in value to \$90 million compared with the corresponding total of \$45 million in 1964, while on the same basis of comparison exports of automotive engines and parts rose 92 per cent. However, with a greater volume of imports of motor vehicles and parts from the United States, this increase in exports was not sufficient to prevent some rise in the Canadian deficit on automotive trade with that country.

The exports of Canadian manufactured goods also continued to be stimulated in 1965 by other government initiated programs such as the defence sharing agreement with the United States and export financing assistance. Contracts received by Canadian industry under the Canada-United States Defence Production Sharing Program were substantially higher than in the previous year. Also under the long term financing provisions of the Export Credits Insurance Act, further Canadian overseas sales were made in such capital goods fields as telecommunications equipment, hydro electric and diesel power generating equipment, steel rails, lumber and woodworking machinery, and atomic power generating equipment.

The strong Canadian demands arising from a greater consumer expenditure and the large investment for additional production capacity also led to a significant rise in the imports of manufactured goods. In the first nine months total merchandise imports were up 12 per cent compared with the first nine months of 1964. Practically all of this increase consisted of manufactured goods with the imports of automotive products and machinery and equipment rising substantially. At the same time both consumer goods and some production

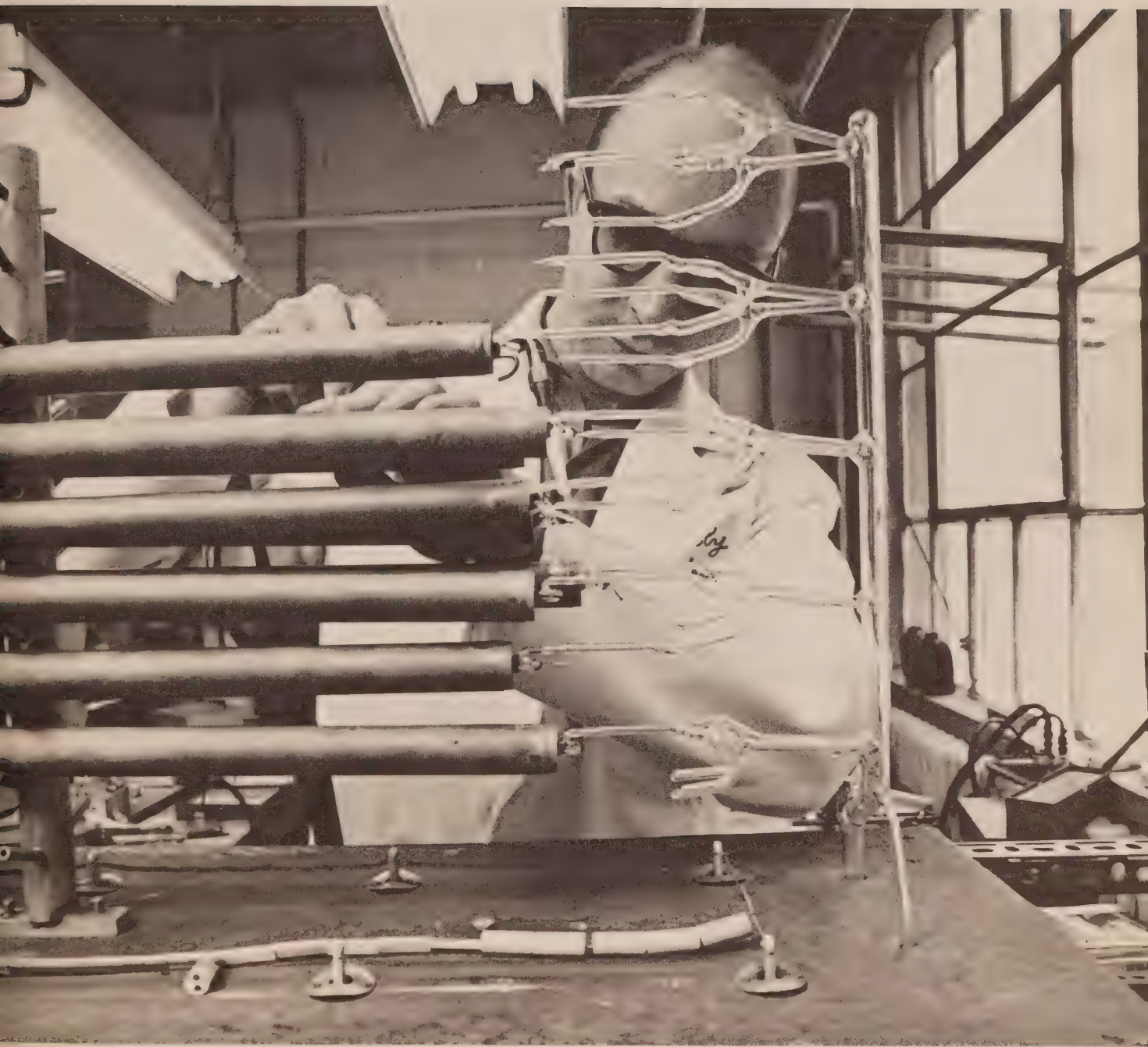
materials such as iron and steel were imported in greater volume than in 1964. As a consequence of the sharper increase in manufactured imports relative to exports, the imbalance of Canada's trade in manufactured goods widened in 1965.

While the favourable demand situation led to production increases throughout manufacturing in 1965, as in the previous year, the most prominent gains in production were in the motor vehicle and automotive parts industries which reached new record levels of production. By the end of 10 months, the automobile industry had produced slightly more than 670,000 units, 20 per cent more than in the corresponding period of 1964. In addition, however, significant production advances took place in other durable goods industries particularly primary iron and steel, industrial machinery, and electrical and communications equipment. Although there was a large increase in domestic steel manufacturing capacity in 1965, steel producers were not able to meet fully domestic requirements and some companies supplemented production by foreign purchases. Similarly, some sectors of the machinery industry were also limited by a growing shortage of skilled manpower in addition to plant capacity.

The volume of output in the non-durable goods sectors of manufacturing did not increase at as rapid a rate as in the durable goods industries. For the first ten months of 1965, the index of the volume of manufacturing production in the non-durable

goods industries was 5 per cent above the corresponding period of 1964 compared with a 9 per cent increase in the index of production of the durable goods industries. However, in a number of the non-durable goods industries, the rate of increase was substantially above that for the sector as a whole. Activity in the textile industry, particularly in the man-made fibres and textiles and coated fabric industries, was at a very high level. Another non-durable industry which operated at significantly higher levels in 1965 was the chemical industry. Since chemical products in various forms are used in practically every industrial process, the production expansion throughout Canadian industry in 1965 led to a substantial increase in the output of chemical products and to increased pressure on productive capacity in a number of sectors of the chemical industry.

In general, therefore, conditions in terms of demand, employment and output were very good in 1965 for the Canadian manufacturing industries. As previously noted, however, as the year developed a number of factors became of concern. Industrial selling prices moved steadily upward. The shortage of skilled manpower was felt over a wider range of industry and at the same time, the demand situation led to significant pressure on productive capacity in certain industrial sectors. With the higher utilization of available skilled manpower and production resources, indications are that the rate of productivity advance of previous years was not maintained.



DIRECTORY OF PERSONNEL

MINISTER

The Honourable C. M. Drury, P.C., C.B.E., D.S.O., Q.C., M.P.

Executive Assistant F. M. Wanklyn

DEPUTY MINISTER'S OFFICE

Deputy Minister S. S. Reisman

Assistant Deputy Minister B. G. Barrow

Assistant Deputy Minister D. B. Mundy

Executive Assistant to the Deputy Minister J. C. Oliver

PROGRAM ADVISORY GROUP

Economic Adviser A. S. Abell

Industrial Promotion Adviser L. C. Howey

Industrial Research Adviser J. L. Orr

AREA DEVELOPMENT AGENCY

Commissioner W. J. Lavigne

Deputy Commissioner J. A. Teeter

BRANCHES

Director, Aircraft Branch A. D. Belyea

Deputy Director G. T. Rayner

Director, Apparel & Textiles Branch A. M. Guerin

Deputy Director J. G. Howarth

Acting Director, Chemicals Branch D. F. Gray

Director, Electrical & Electronics Branch J. S. Glassford

Deputy Director E. A. Booth

Director Food Products Branch A. H. Mathieu

Deputy Director J. J. Tennier

Acting Director, Machinery Branch J. J. McKennirey

Deputy Director T. C. Jones

Director, Materials Branch R. D. Hindson

Director, Mechanical Transport Branch N. B. MacDonald

Deputy Director C. D. Arthur

Director, National Design Branch E. P. Weiss

Director, Shipbuilding & Heavy Equipment Branch J. C. Rutledge

Acting Deputy Director J. C. Stavert

Director, Wood Products Branch K. O. Roos

Deputy Director P. L. MacDougall

The Comptroller's Branch of the Department of Defence Production provided a complete accounting service for the Department of Industry, and from its accounting records has prepared Statements of Expenditures and of Revenue with respect to the year ended March 31, 1965, as follows —

STATEMENT OF EXPENDITURES

Vote 1 — Departmental Administration

Salaries and Wages	\$ 2,578,453.80
Living Allowances	4,526.36
Professional and Special Services	126,223.06
Travelling and Removal Expenses	194,634.33
Freight, Express and Cartage	4,639.32
Postage	6,314.80
Telephones and Telegrams	35,670.68
Publication of Departmental Reports, etc.	14,907.58
Exhibitions, Displays and Advertising, etc.	147,780.07
Office Stationery, Supplies and Equipment	111,661.13
Materials and Supplies	63.75
Grants, Scholarships, Bursaries and Prizes to promote Industrial Design	33,600.00
Grant to defray expenses of a conference on regional development	3,000.00
Expenses of industrial missions, conferences and seminars	1,666.15
Sundries	8,439.81
Total	<u>\$ 3,271,580.84</u>
Vote 5 — To sustain technological capability in Canadian industry	<u>\$20,499,999.80</u>
Statutory — Minister of Industry	
Salary	\$ 15,000.00
Motor car allowance	2,000.00
Total	<u>\$ 17,000.00</u>
Total Expenditures	<u><u>\$23,788,580.64</u></u>

STATEMENT OF REVENUE

Refunds of previous year's expenditures	<u><u>\$ 102,353.00</u></u>
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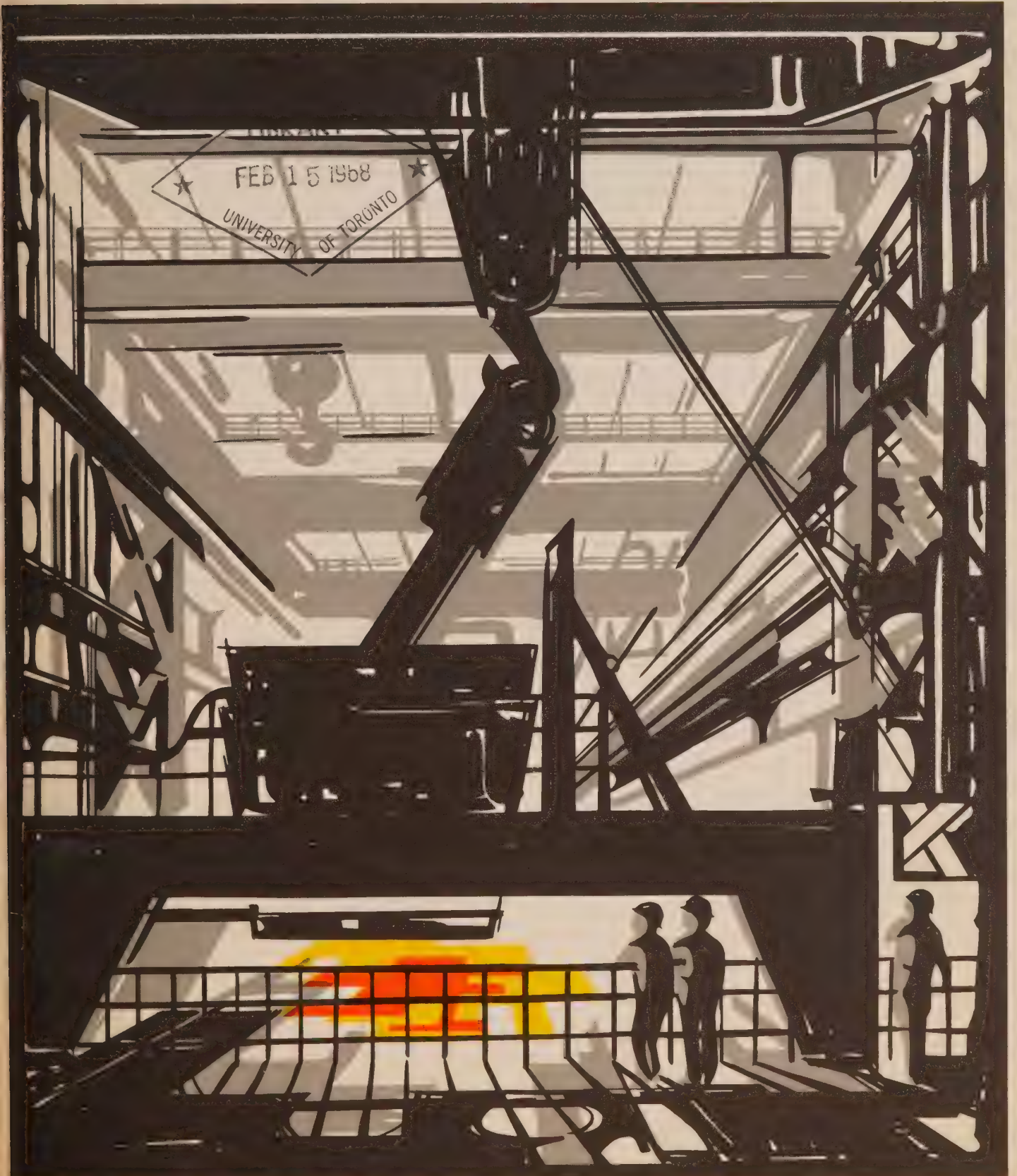
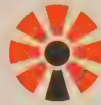


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ANNUAL REVIEW

1966

DEPARTMENT OF INDUSTRY • OTTAWA, CANADA





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ANNUAL REVIEW 1966

Roger Duhamel, F.R.S.C., Queen's Printer and Controller of Stationery, Ottawa, 1967



Ottawa, February 1967.

The Honourable C. M. Drury, P.C.,
C.B.E., D.S.O., Q.C., M.P.
Minister of Industry
Ottawa, Canada

Dear Sir:

The Department of Industry continues to pursue an active role in the formulation and implementation of new policies and programs aimed at improving the productivity and competitive position of Canadian industry.

While the following pages constitute a report of the department's activities in the period from April 1st, 1965 to March 31st, 1966, they contain in addition a summary, where appropriate, of more recent developments in our operations.

It is my belief that this Annual Review is a significant record of accomplishment and progress that will be read with interest by the Canadian industrial, business and educational communities.

Respectfully submitted,

S. S. Reisman

S. S. Reisman,
Deputy Minister.





"Total demand for Canadian manufactured goods continued strong."

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"All major sectors of manufacturing showed substantial production gains . . ."

The role of the Department of Industry is to promote and facilitate the efficient expansion of Canadian secondary industry. In more specific economic terms, the Department is concerned with the twin objectives of raising the level of productivity and improving the competitive position of our industries, both at home and abroad. The Department is also responsible for developing and carrying out programs to create new employment opportunities and higher income levels through industrial expansion in "designated areas" of Canada which are experiencing chronic unemployment, under-employment or low income levels.

There are three major areas of activity which the Department of Industry has undertaken to help attain these objectives.

First, the Department has formulated and is now administering a number of major programs designed to improve the overall economic performance of particular manufacturing industries. These activities include the Automotive Program and the Shipbuilding Program. The formulation of programs to deal with particular problems and to create new opportunities for efficient expansion is well advanced in a number of other important industries. In addition, the Department has programs of general application to industry, such as those to stimulate technological innovation and to improve our industrial design capability.

The second major area of departmental activity relates to the provision of information and assistance to individual firms, industry associations and others, for the purpose of aiding sound economic development. This assistance includes the undertaking of special import studies relating to specific manufacturing opportunities, as well as the provision of technical advice and information on laws, regulations and other matters affecting the conduct of business in Canada.

The third major area of departmental activity is concerned with those elements of domestic and international economic policy which are primarily the responsibility of other government departments and agencies and which have a bearing on the growth and efficiency of manufacturing and processing industries in Canada. The Department serves to ensure that the implications for Canadian industry of governmental policies and programs are brought forward and taken

fully into account. The Department takes an active interest in such matters as taxation, trade and tariff policy, restrictive trade practices, manpower planning, transportation, energy, and the financing of Canadian industry, since the development of policy in these diverse fields has a direct impact on the prospects for Canadian industry.

In these areas of public policy, the principal concern of the Department is to encourage a general climate which will help to bring about productivity increases, greater specialization and larger scale production, and thereby improve the competitive position of our industry.

The achievement of an expanding, more productive and more competitive manufacturing sector will require substantial changes in the structure and performance of Canadian industry. Tasks of this magnitude will take time and will involve fundamental adjustments, for both workers and firms, during a transitional period. The Department is particularly concerned with easing the problems of adjustment to enable industry to take full advantage of new opportunities for growth.

As an example, the Department provides the financial resources and the staff support for the Adjustment Assistance Board, which was established to provide transitional assistance requirements arising out of the Automotive Program. The purpose of this form of assistance goes beyond the concept of compensation. It has the positive purpose of facilitating adaptation to change required to secure economic benefits for the country as a whole. This approach to economic change is gaining wide acceptance in many countries and in Canada has received strong support from the Economic Council of Canada.

In our form of economic system, the role of government in the industrial development field has traditionally been limited to the application of broad economic policies of a commercial, fiscal and monetary nature. More recently Canada has recognized the need for industry and government to work more closely together in focussing on specific economic and technological problems and in formulating mutually acceptable solutions which are beneficial to the economy as a whole. The following Review of departmental activities demonstrates that a good start has been made in this co-operative approach.

In recognition of the importance of science and technology to Canada's economic wellbeing, the federal government has introduced several measures in recent years to encourage and support scientific research and development activity in Canadian industry. The primary objective of these measures is to develop technical skills and to place scientific development knowledge in industry where it can be exploited directly for economic ends. Assistance provided under these measures is available to all companies incorporated in Canada—regardless of type of industry, size or ownership—for research and development carried out and exploited in Canada. These measures consist of a general incentive for all industrial research and development, supplemented by assistance programs for selected research and development projects.

In 1962 the Income Tax Act was amended to provide a special tax incentive for scientific research for a period of five years. As a result of the generally favourable experience with this incentive, the federal government decided to continue to provide a general incentive for scientific research and development after 1966 when the tax provision expired. The new incentive is to be administered by the Department of Industry and will incorporate several features designed to broaden its availability and make it more effective than the tax incentive.

Under the new incentive, benefits will take the form of cash grants or credits against tax liabilities equal to 25 per cent of defined expenditures on scientific research and development. These benefits will not be subject to income tax and will be in addition to the normal 100 per cent deduction, for income tax purposes, of all expenditures for scientific research.

By making the new incentive available in the form of a grant rather than a tax allowance, corporations in lower tax brackets, as well as corporations with no taxable income, will be able to enjoy the same benefits as the larger and better-established corporations. Furthermore, by segregating and allowing all capital expenditures for scientific research and development to qualify for the 25 per cent bonus, corporations will be able to take advantage of the new incentive to invest in facilities and equipment for research and development without prejudicing their ability to qualify for the bonus with respect to their increases in current expenditures for research and development.

During the year, the Department completed the drafting of legislation and procedures for the application of this new incentive. The Bill required to implement this program is now before Parliament.

This general incentive should help to create a favourable climate for the expansion of scientific research and development activity on a broad front. However, it cannot by itself meet many special situations and opportunities, in particular those involving new and growing industries or projects of considerable technical risk. To ensure, insofar as it is practicable to do so, that no worthwhile research and development projects are not proceeded with for lack of financial support, the general incentive is complemented and reinforced by specific incentives in the form of direct financial assistance for individual research and development projects. Accordingly, the Department administers two programs which are designed to encourage and assist Canadian industry to engage in scientific research and development activities by sharing with industrial firms the cost of specific research and development projects proposed and undertaken by them. In providing this assistance, the Department does not require a pledge of the firm's assets nor does it acquire an equity interest in the firms concerned.

The Defence Development Sharing Program was established to support the defence production sharing arrangements which Canada entered into with the United States in 1958. The purpose of this program is to sustain technological capability in Canadian defence industry by providing financial assistance for the development of high-technology military equipment. The ultimate objective is to enhance the ability of Canadian industry to bid for business arising out of the military requirements of the United States and other NATO countries and help to offset the costs incurred in purchasing abroad military equipment for the Canadian Armed Forces. Under the program, costs of selected development projects are shared by the Department and the Canadian firm concerned and, in some instances, by the Government of the United States or other NATO countries as well. The Department is currently spending about \$25 million annually under this program to support some 57 development projects, primarily in the electronics and aerospace industries.

The Program for the Advancement of Industrial Technology was established by the Department in July, 1965. The basic aim of the program is to help industry upgrade its technology and expand its innovation activity by underwriting specific development projects which involve significant advances in technology and which, if successful, offer good prospects for commercial exploitation. Assistance under the program is available to individual Canadian companies or groups of Canadian companies for developmental projects to be carried out and exploited in Canada. Support is concentrated on the development of products and processes which serve to



enhance productivity or otherwise contribute directly to economic growth. Particular attention is devoted to projects which seek to take advantage of Canada's natural resources, skills and environment, in order to establish a unique capability or technical leadership.

Proposals for development projects and the responsibility for their direction and execution rests with industry. Applications for support under the program are appraised by the Department with regard to the technical and commercial feasibility of the project as well as the capabilities, facilities and other resources of the company to carry it out. The Department contributes up to 50 per cent of the total cost of approved development projects, including the cost of special equipment and prototypes required to achieve and demonstrate the technical objectives. In the event that the project is successful and the results are put into commercial use, the company is required to repay the Department's contribution over a period of time. If the project is not successful or the results are not put into commercial use, the company is not required to repay the Department's contribution.

Since the Department established this program, 65 development projects submitted by firms in every industry sector have been approved for support. The total estimated cost of these projects is about \$25 million. Individual projects range in cost from \$25,000 to several million dollars.



The Department co-operated with major universities in sponsoring seminars for business leaders on automatic process control.

AREA DEVELOPMENT PROGRAM

The Area Development Incentives Act provides capital grants for new facilities and for substantial expansions of existing facilities which are undertaken in areas characterized by high chronic unemployment, slow employment growth and serious problems of under-employment. In addition, firms establishing or expanding in these areas are permitted accelerated capital cost allowances for certain eligible assets. The three-year income tax exemption which was provided in the previous area development program will lapse on March 31, 1967.

Approximately 290 firms have applied for the tax exemption benefit under the program, and more than 360 firms have indicated their intention to apply for a development grant. The new facilities embodied in these applications are located in all 10 provinces and cover a wide range of industrial and processing activity. Projects are located in 79 of the total of 91 designated Canada Manpower Centre (NES) areas, and contiguous counties and census divisions. The total investment to be made in these projects will exceed \$1.3 billion, and new direct employment will provide some 42,500 new jobs.

Of the 650 active applications for new manufacturing or processing installations, about 425 have been given final approval, and about 300 new facilities have gone into production. The majority of the remainder are in the construction stage.

Newfoundland has a number of major capital projects, including new pulp and paper and chemical facilities. Prince Edward Island's proposed facilities mainly relate to fertilizer and food processing industries. Nova Scotia has major pulp, hardboard, chemical and electronic operations under way. New Brunswick's activities are featured by mineral processing, chemical, lumber and pulp and paper projects. In addition, throughout the Atlantic Provinces interest has been strong in the development of fish and food processing industries. Investment in new facilities established or committed under the program in the Atlantic Provinces exceeds \$500 million.

The program in Quebec covers a wide range of manufacturing and processing activities, from food through all types of wood manufacturing, textiles, metal refining and fabrication, and chemical operations. The total investment in these facilities when completed will exceed \$300 million.

A wide range of new activities in Ontario have qualified for assistance under the program, including the pro-

duction of television chassis and tubes, window glass, textiles, chemicals, and auto parts. The total investment will be in the neighbourhood of \$350 million.

In the Prairie Provinces, fertilizer and feed mills are characteristic of new and expanded activities, and a new pulp mill is being established under the program in Northern Saskatchewan. Firms producing pharmaceuticals and telecommunications equipment have also been established. The total investment involved in the active applications will be in the order of \$90 million.

In British Columbia, the emphasis has been on food processing featuring several new wine-making facilities and a substantial expansion in the manufacture of wood products. A new carpet mill and a truck assembly plant are distinctive additions to the region. Pulp manufacturing, lumber milling and mineral operations round out the range of applications. The total investment will exceed \$80 million.

A considerable amount of research and study was undertaken during the year, with a view to improving the effectiveness of the program. A consultant was retained to make a study of the factors affecting industrial location in Canada, as related to the experience of the program to date. A group from Queen's University was also commissioned to review the definition of economic development regions in Canada as it affects the Area Development Program, and to examine the specific application of this definition in the case of the region designated in the vicinity of Georgian Bay. This latter research was undertaken in collaboration with the Province of Ontario. Further studies were made by officers of the Department to measure the effectiveness of the incentives that are provided under the legislation in terms of the nature and extent of response to the program in the various designated areas. Interdepartmental discussions and studies were pursued in an effort to improve the data and procedures for determining the boundaries of the areas that are designated under the program. Financial support was provided for a number of other economic studies by private consultants and university departments which have a bearing on the principles of area development.

Officers of the Department took an active part during the year in the promotion of economic development and industrial growth in designated areas in co-operation with provincial and municipal governments and local organizations. In addition to direct contacts with the business community, a number of meetings and seminars were held for the purpose of explaining the program and its relevance to local problems and opportunities. The incentives available to firms estab-



"... new direct employment will provide some 42,500 new jobs."

lishing new facilities in designated areas have been described in a booklet which has been given wide distribution.

The Department is developing a training course for industrial development officers, which will be offered in co-operation with provincial authorities to local areas and organizations, in order to increase the effectiveness of industrial promotion activities at that level. A number of studies are in progress, again in co-operation with the provinces concerned, to establish the feasibility of a number of industrial projects in designated areas. Officers of the Department also attended a number of important industrial exhibitions in the United States in order to bring the program to the attention of business leaders in that country.

INDUSTRIAL DESIGN

Industrial design is becoming increasingly important in the successful development and marketing of manufactured products. Manufacturers in Canada and in other industrialized countries are competing to a greater extent than ever before for markets where the emphasis is placed on quality and good design, as well as on reasonable prices. In order to assist Canadian manufacturers to adopt sound design practices, the Department of Industry has initiated a comprehensive design program. The four main areas of design activity under the program are: design promotion in industry; research and product development; design education and design information. This program is being implemented through the National Design Council and the National Design Branch in co-operation with other branches of the Department.

The National Design Council

The National Design Council, a 17-member advisory body appointed by the government, represents industry, commerce, the design professions, labour, the general public and the federal government. Its function is to consider and recommend to the Minister of Industry

methods of stimulating better design in Canadian products.

The National Design Branch

The National Design Branch of the Department of Industry assists the Council in the development of design programs and is responsible for their implementation.

Canada-Design '67—The Council's largest undertaking to date, Canada-Design '67, was intended to encourage manufacturers, buyers and designers to work together in developing, manufacturing and purchasing a wide variety of well-designed Canadian products and, in particular, those used to construct, furnish and equip the many projects being erected for our centennial celebrations.

The National Design Branch obtained detailed information about the products available or being developed for this purpose. In addition, it invited buyers and users of such products to supply information about their needs. The Branch then collated and cross-distributed this information through bulletins, news releases and finally, through two catalogues which are being given international distribution. All this work has received strong support and co-operation from provincial governments, manufacturers' associations and business organizations.

Canada-Design '67 Catalogue—A catalogue of products submitted under the Canada-Design '67 program has been prepared in two volumes—"Products for Buildings" and "Giftware". Products included in the former group range from prefabricated buildings and fork-lift trucks to drapery fabrics and fire hydrants. The "Giftware" volume includes Eskimo crafts, dolls, emblems and other products. Manufacturers of 23 catalogue items were given "Awards of Excellence", which carried special labelling privileges to assist in promotion and marketing.

Distribution of the Catalogue to buyers at home and abroad is now underway.

Co-operative Design Awards Programs—Canadian Wood Design Awards 1965 was conducted in co-operation with the Canadian Wood Council. The aim was to encourage the creative use of wood and wood products in the design of buildings and bridges and to honour noteworthy achievements in this field. A total of 112 entries were received and 28 finalists were selected. Four "Awards of Design Excellence" and five "Certificates of Merit" were presented for the best designs in these fields.



More than 46,000 people visited The Design Centre last year.



**Canada-Design 67
Award of Excellence
Prix d'excellence**

National Design Council
Conseil national de l'esthétique
industrielle

"... to encourage ... a wide variety of well-designed Canadian products ..."

In co-operation with the Canadian Appliance Manufacturers' Association, the first Design-Canada Major Appliances Program was organized. The two-fold purpose of the program was to assist manufacturers in applying good design to their products and to help realize the market potential for well-designed appliances already being manufactured. Conducted in four phases, the program included design appraisal, design displays, design clinics, and design promotion and publicity. Design of Merit certificates were won by 15 manufacturers and the award-winning appliances were displayed at The Design Centre in Toronto.

In July, 1966, the second Design-Canada Structural Steel Awards Program was announced. Jointly sponsored by the National Design Council, the Department of Industry and the Canadian Steel Industries Construction Council, the purpose of this program is to honour noteworthy achievement in the creative design of buildings and bridges using structural steel.

The Portland Cement Association co-operated in launching in October the Design-Canada Concrete Awards Program, 1967. Endorsed by the Canadian Council of Professional Engineers and the Royal Architectural Institute of Canada, this program seeks to encourage and recognize creativity in the application of concrete in buildings and bridges.

Design Centre Program—To further broaden the national scope of the design program, a series of displays was prepared for showing at The Design Centre in Toronto and at various regional locations across Canada. Seven feature displays were mounted at The Design Centre which was visited by 46,614 persons during the year. The display "Christmas Shopping for the Family" attracted over 17,000 visitors in a period of eight weeks.

Numerous demonstrations were carried out in conjunction with these feature displays. In connection with the "Luggage and Winter Sports" show, Air Canada stewardesses demonstrated packing techniques using the luggage on display; a ski instructor demonstrated the design features of skis and ski equipment, and an automobile safety expert demonstrated equipment on display designed to make winter driving safer.

A number of new activities were introduced at the Centre, including the popular Thursday evening film showings on design and related subjects. A series of design instruction sessions directed to consumers was also conducted.

Travelling displays of well-designed products were shown in a number of cities including Toronto, Montreal, Edmonton, Winnipeg, Ottawa and Vancouver.

The establishment of a Design Centre in Montreal was also undertaken and Mr. Julien Hebert and Mr. Paul Schoeler were commissioned to design the interior of the new Centre, which will open in 1967 in the new Place Bonaventure complex.

Design Information—Increasing demands for design information and advisory services resulted in further improvements to the Department's design information facilities. The Design Index, an illustrated record of better-designed products of Canadian manufacture, was enlarged to provide details on 500 additional items, bringing the total content to 1,500 products. To the Canadian Register of Designers, the names and professional data of 170 designers were added during the year. Available to industry as a guide to professional design services, the Register now contains information about 420 firms and individuals.

Two filmstrips illustrating the design process were produced. One, entitled "That's An Idea!", deals with the development of a well known small appliance; and the other, "Public Seating", is concerned with the design development of several multiple seating units designed for our airports. A third filmstrip is in the production stage and records the design story of Montreal's "Metro" transit system.

Design Education—In order to improve the calibre of Canada's design capability, scholarships were made available to assist Canadian designers to undertake advanced design studies, research and education. In addition, grants for design education were made to the British Columbia Industrial Design Committee, the Doon School of Fine Arts, the University of Waterloo and McMaster University.

I.C.S.I.D. Congress 1967—In support of the development of a strong Canadian industrial design profession, the National Design Council in co-operation with the Association of Canadian Industrial Designers, will be host to the Congress of the International Council of Societies of Industrial Design (ICSID) which will be held in September of 1967. The Congress Assembly will convene in Ottawa and other Congress activities will be held in Montreal in conjunction with Expo '67. The Expo '67 authorities have agreed to sponsor an industrial design exhibition, including presentations by design schools from the countries which will be represented at the Congress. A film on design is also being produced for this occasion.



"Canadian production of automobiles and trucks reached an all-time high . . ."

THE AUTOMOTIVE PROGRAM

The key objectives of the Automotive Program are to increase production and employment, and to make cost reduction through possible larger scale production and a greater degree of specialization in output of automotive products. Substantial progress towards realizing these objectives has already been achieved. Canadian production of automobiles and trucks reached an all-time high of 897,800 units during the 1966 model year, a 19 per cent increase over the 757,500 units produced during the 1965 model year. Shipments of automotive parts also reached record levels for the 1966 model year, amounting to \$846 million, or an increase of 15 per cent over parts shipments made during the previous 12 months.

Employment in the automotive industries has also increased substantially. During the first nine months of 1966, average employment in the automotive industries reached 84,529, an increase of nine per cent over the average of 77,345 for the same period in 1965.

Another important benefit of the Automotive Program has been a significant improvement in Canada's trading position in the automotive sector. For the first eight months of 1966, despite a substantial increase in imports, Canada's automotive trade deficit with the United States was \$86 million less than for the same period in 1965.

During the first eight months of 1966, the imports from all countries of vehicles and components totalled \$942 million (\$680 million in the first six months of 1965) while Canadian exports of these products reached \$513 million compared with \$187 million during the first eight months of 1965. These large increases reflect, in part, the rationalization of automotive production that is taking place as a result of the Program.

The Automotive Program has also stimulated large increases in investment in the Canadian automotive industry. In order to meet the objectives of the Program, vehicle manufacturers are modernizing and expanding many of their facilities. At the same time, producers of automotive parts and materials are making substantial expansions in their plants to take advantage of the much larger markets now open to them. Since 1964, 250 new plants or expansions to existing facilities have been announced. Of this number, 142 announcements account for a capital investment of \$503 million.

Canada has recently entered into an arrangement with the United States for the exchange of duty-free tariff treatment on snowmobiles and original equipment parts

for snowmobiles. An exchange of notes was signed in Washington on January 19, 1967, providing for free entry into both countries.

Canada is one of the world's leading producers and exporters of snowmobiles. Canadian companies, located mainly in Manitoba, Ontario and Quebec, have pioneered in the design and development of a wide variety of snowmobiles for utility and recreational purposes.

Canadian-made snowmobiles are exported to a number of countries and the trade is increasing rapidly. In 1964, exports to the United States were valued at \$4.5 million and at over \$6 million in 1965. These shipments represent a substantial portion of total Canadian production.

There is an extensive and growing market for snowmobiles in the United States and Canada. The new arrangement will ensure that the Canadian producers have access to this expanding market.

ADJUSTMENT ASSISTANCE

While the Automotive Program has created many new opportunities for Canadian vehicle producers and automotive parts manufacturers to expand production, rationalize output and reduce costs, in order to compete they must produce at costs comparable to those prevailing in the United States. This new challenge has required many automotive parts producers to undertake major re-equipment and expansion programs in order to realize the advantage of larger scale production and increased specialization.

To help the Canadian automotive industry participate effectively in the Program, two measures have been initiated to enable firms to adjust to the new circumstances. These measures are being administered by the Adjustment Assistance Board, which reports to the Minister of Industry. They include loans to automotive parts producers who must re-equip or expand their plants but who cannot obtain the necessary capital elsewhere, and remissions of customs duties on production machinery and equipment that are not available from Canadian manufacturers in time to meet production schedules. The Adjustment Assistance Board also administers for the Minister of Labour a program of transitional assistance benefits for workers who are laid off from plants which are being expanded or re-equipped, or for other reasons attributable to the Program.

Loan Program

The Adjustment Assistance Board makes loans to enable Canadian automotive parts manufacturers and their suppliers to expand or re-equip their plants. These loans are made for periods of up to 10 years in the case of machinery and equipment and 20 years for new buildings. To qualify for a loan, a firm must show that financing is not available elsewhere and that it would not otherwise be able to participate effectively in the Automotive Program. Under these conditions a loan may be granted when, in the opinion of the Board, it would provide the manufacturer with reasonable prospect for a viable operation. Since the initiation of the Adjustment Assistance Program, 25 loans have been authorized valued at more than \$20 million.

In September, 1966, the Adjustment Assistance Loan Program was expanded so that manufacturers and suppliers of materials, accessories and tooling used in the automotive industry became eligible for loans.

Tariff Remission Program

Many Canadian producers of automotive parts are purchasing substantial quantities of new machinery and equipment to re-equip as quickly as possible in order to meet model changeover schedules and fulfill contract obligations. This urgency to re-equip has resulted in large expenditures on equipment in a relatively short period and substantial new business has been placed with Canadian machinery manufacturers. In some instances, Canadian manufacturers of production machinery are unable to meet all of the needs of the automotive producers. As a consequence, parts producers have found it necessary to import certain equipment. In those cases where the machinery is ruled to be of a class or kind made in Canada, customs duties have been paid even though the machinery was not, in fact, available from Canadian production.

In order to reduce the costs of Canadian parts makers, and thus improve their ability to compete for North American markets, a program was initiated to remit duties on imported production machinery and equipment which are ruled to be of a class or kind made in Canada but which are not available from Canadian producers within the time needed to meet production schedules. Machinery for automotive production that is ruled to be of a class or kind not made in Canada is already subject to a 99 per cent remission of duties.

Any firm applying for tariff remission under this new program must submit evidence that the machinery for which it is requesting a remission of duties is not available from Canadian production in time to meet production schedules.

BEAM PROGRAM

During the year, detailed work was undertaken in preparing a program for increasing productivity and efficiency in the manufacture and use of building equipment, accessories and materials.

Manufacturers of building equipment, accessories and materials account for over 50 per cent of all construction expenditures. Despite their current high levels of activity, many problems beset these producers. The more important of these problems are in areas where the Department of Industry can be of assistance. These include the need for:

- (1) Better identification, communication and co-operation between all participants and sectors of the industry.
- (2) Increased efficiency in the design, engineering, manufacture and use of building equipment, accessories and materials.
- (3) Greater application of available technology and development of new technology, particularly in regard to a systems approach to industrialization and to the design, manufacture and application of building products.

The Department, working closely with various industry groups, has outlined the basic elements of a program aimed at solving some of these efficiency and productivity problems. As a result, detailed consideration is being given to the following proposals:

1. The establishment of information centres. One of the problems facing the manufacturers and users of construction products is the difficulty of obtaining, cataloguing, keeping up to date, and transmitting useful information about building equipment, accessories and materials. This problem could be resolved in large measure through the establishment of well-planned information centres. Consultations with industry, and experience in other countries, indicate that government, working with industry, can play a major role in promoting the proper concept of such centres and in assisting in their establishment.
2. The adoption of the concept of modular co-ordination in the manufacture and use of building materials. Modular co-ordination is the term given to a procedure for simplifying the design, manufacture and assembly of building equipment, accessories and materials. It is an effective way of resolving basic difficulties in assembly which are caused by the unrelated dimensions of manufactured products. Modular co-ordination is a prerequisite to the industrialization of the building process,

although it remains to a great extent unused in Canada. A program to promote its use is being prepared by the Department.

3. The greater industrialization of the manufacture and application of building materials and products. Factory fabrication and pre-assembly of components is a prerequisite to increasing productivity in the building process. Industrialization of the total building process, including manufactured components, can result in better quality as well as lower costs. The Department is studying methods for encouraging the greater use of industrialized building in Canada.

4. The adoption of uniform codes by building authorities and the establishment of better standards by manufacturers. At present there is a multiplicity of codes in use across the country. This situation creates confusion and costly conditions for manufacturers seeking to introduce new materials or systems. Study is being given, therefore, to possible means of achieving greater uniformity in the development and application of codes and standards.

5. The improvement of the design, manufacture and use of building equipment, accessories and materials. A program is being developed to assist Canadian manufacturers of building materials to take full advantage of design as a means of increasing their productivity and efficiency. The program will especially recognize and encourage designs which incorporate modular co-ordination, prefabrication, pre-assembly and adoption of standard components.

6. The establishment of industry advisory committees. The development and implementation of the proposed BEAM program requires the support and participation of all those concerned with the manufacture and use of building materials and equipment. An effective means of obtaining a close working relationship between federal departments and agencies and the industry is through the establishment of industry advisory committees. This proposal is being pursued, both in government and with the industry.

SHIPBUILDING

The Canadian shipbuilding industry has enjoyed over the past year a high level of activity in the construction of new ships, repairs to existing ships and the production of miscellaneous associated products. All indications point to a continuation of this trend.

The Government has continued its program during the past year of encouraging a self-sustaining and efficient shipbuilding industry. The program has included examination of financial measures in support of shipbuilding and the application of general assistance plans administered by the Department of Industry.

The industry has responded effectively during the past year to the policy of national competition for government shipbuilding requirements. Similarly, the industry has made active use of the subsidy program for commercial vessels. This program provides a subsidy rate of 25 per cent for vessels, other than fishing trawlers, for the period 1966-69, after which time, it will be reduced by two per cent each year until a subsidy rate of 17 per cent is reached in 1972. The current subsidy rate of 50 per cent for fishing trawlers is being continued.

To assist industry in planning for the future, the Department is preparing a five-year forecast of government shipbuilding requirements. Similarly, a Government-Industry Committee has been established to encourage the effective exchange of information and discussion of problems affecting the industry. To aid in the development of export markets under the Production Sharing Program for marine components and accessories, a book has been prepared that describes the facilities and products of the Canadian shipbuilding industry.

AEROSPACE INDUSTRY

The Canadian aerospace industry developed from the needs of the Second World War when Canada was called upon to contribute to the air power of the Allies. Following the war, the industry became a major contributor to Canada's industrial growth. During the 1950's the industry designed, developed and fabricated numerous aircraft for both Canadian and world-wide military and commercial use.

The increasing costs of research and development, and the complexity of modern aircraft with their integral weapons and control systems, requires a market greater than that available in Canada to keep unit costs competitive. In 1959 Canada entered into an agreement with the United States which permitted the Canadian aerospace industry free access to the United States defence market on an equal basis with United States industry. Since that time the industry has participated in major aircraft research, development and production programs with other countries. The industry has con-



"... today Canada has the fourth largest aerospace industry in the western world."

tinued to grow and today Canada has the fourth largest aerospace industry in the western world.

The industry has also been active in developing and producing commercial aircraft for Canadian and export markets. An indication of the capability of Canada's aerospace industry is provided by its export performance. In 1966 the industry achieved export sales of aircraft and parts valued at \$245 million.

The Department of Industry has played an important role in the growth of this industry, in both civil and defence sectors, through the provision of financial assistance for research and development projects.

In order to assist the aerospace industry in assessing its future role in the Canadian economy, the Department, in co-operation with industry, undertook a study of the demand for aerospace products to 1975. A report of the study in digest form was made available to the industry during the year. An analysis is now underway of the ways in which the aerospace industry can best take advantage of the market opportunities disclosed in the report.

BLACK BRANT ROCKET DEVELOPMENT

The Black Brant Rocket Development Program has established in Manitoba a source of rockets, instrumentation and technical support for upper altitude research activities carried out in Canada and abroad. A family of three rockets has been developed covering apogees of 60 to 6,000 miles with payload capacity ranging from 40 to 300 pounds. The program has also resulted in the establishment of a modern propellant facility capable of producing the propellants used in the development and production of Black Brant and other rocket motors.

A further achievement of the program to date has been the establishment of a Canada-United States project for the development in Canada of two new types of meteorological rockets.

These developments provide an opportunity for increased participation by Canadian industry in the supply of rockets for world-wide use.

EDIBLE OILS INDUSTRY

The Department, in co-operation with the rapeseed industry and government departments, has initiated efforts to overcome some of the major impediments to the wider utilization of rapeseed oil and meal. Standards for crude rapeseed oil have been developed and published by the Canadian Government Specifications Board. Following meetings across Canada, sponsored by the Department, of leading scientists and the feed manufacturing industry, the Canada Department of Agriculture rescinded restrictions on the use of rapeseed meal. Although these efforts have helped to expand rapeseed oil and meal utilization, a large number of technical problems still prevent the industry from reaching its full potential. The Department is investigating ways to help the industry solve these problems.

DAIRY INDUSTRY MODERNIZATION

With the co-operation of the dairy industry, dairy plant operations in Canada have been studied in depth on a regional basis and by size and product mix. The study has indicated an urgent need for dairy plant modernization in Canada. A program designed to encourage the modernization of dairy processing and manufacturing plants is now being developed.



"All types of industrial machinery exports showed gains."

In 1966, Canadian manufacturing industry reached new peaks of production, sales and employment and was a major contributor to Canada's total economic growth in the year. In the first nine months, the volume of manufacturing production was eight per cent greater than in the corresponding period of 1965; the volume of shipments was almost nine per cent higher and on an eight-month, year-to-year comparison basis, average employment in manufacturing rose six per cent.

All major sectors of manufacturing showed substantial production gains for the year as a whole. In contrast to previous years, however, there was no marked difference in the rates of growth between the non-durable sector of manufacturing and the durable goods industries. The volume of production in such non-durable goods industries as rubber, chemicals, pulp and paper, and synthetic textiles increased substantially, running on average in the first nine months of the year more than 10 per cent greater than in 1965. On the other hand, production in the durable goods industries, particularly in primary iron and steel and motor vehicles, did not advance at so strong a rate as in the previous year. Although the production in the durable goods industries continued at a high level, the largest production gains in relative terms took place in the first quarter of the year.

As 1966 developed, the pace of expansion in manufacturing activity moderated. The rate of growth in production subsided; the value of monthly shipments of manufactured products tended to level off and the rate of increase in manufacturing employment declined. While on the basis of supply limitations alone, the rate of growth experienced in 1965 and early 1966 could not be expected to continue, several factors had a specific moderating influence on manufacturing expansion. Work stoppages arising from industrial disputes were much greater both in number and in man-days lost than in 1965 and had a considerable effect on output in certain areas of manufacturing. After the first quarter, consumer spending slackened, particularly with respect to automobile purchases. The fall-off in new automobile sales had a pervasive effect throughout the economy and had a direct bearing on the rate of output in industries supplying materials and components to the automobile industry. In addition, the contraction in new residential construction which began in the last half of 1965 continued in 1966. Thus with a slower rate of increase in some demand sectors and with additional production capacity coming into operation, there was

some easing during 1966 of the pressure which existed at the beginning of the year on Canadian manufacturing capabilities.

For the year as a whole, however, no serious problems of excess capacity developed. Total demand for Canadian manufactured goods continued strong, stimulated by a large capital investment program, higher levels of personal income, and supported by a buoyant United States economy. Business investment and foreign demand for Canadian semi-fabricated and fully manufactured goods were particularly important expansionary forces. At home, total business capital investment was a particularly dynamic factor. The mid-year survey of capital intentions reported non-agricultural business investment intentions to be 25 per cent higher than in 1965. There was evidence in the last half of the year, however, that this level of business investment would not be attained. Taxation changes, shortages of certain categories of skilled labour, work stoppages, rising credit costs and slow deliveries of capital equipment appeared to be some of the reasons for a reduction from the original investment intentions and for some postponement of investment plans. Nevertheless, even with a short-fall, available information suggests that there was still a very significant gain of about 20 per cent in business capital spending in 1966. This was a strong stimulant to the growth of the capital equipment industries.

The large growth in Canadian manufacturing output in the last two years was in part made possible by the substantial additions to capacity throughout various sectors of Canadian secondary industry. In 1966, capital outlays by Canadian manufacturers substantially exceeded the \$2.2 billion spent in the previous year. The mid-year survey indicated manufacturers' investment plans to be 30 per cent greater than in 1965. As in 1965, while most manufacturing industries had expanded investment programs, particularly large additions to capacity occurred in the motor vehicle, chemical, primary metal, and pulp and paper industries.

In the first three quarters of 1966, total personal expenditure on goods was 8.9 per cent greater than in the corresponding period of the previous year. During 1966, however, the pattern of expansion was less steady than in 1965. The rate of spending on a number of important consumer goods eased considerably in the second quarter. By the third quarter, however, consumer spending in goods had again climbed to a

seasonally adjusted annual rate slightly in excess of that of the earlier months of the year. The most noticeable slackening in the second quarter occurred in the durable goods sector. Although the reduction in residential construction no doubt influenced the sales of household durables, the decline in total durable purchases was largely the result of a fall-off in the sales of new automobiles. Throughout the late spring and early summer months, new car sales were down from those of the previous year. Although increased sales were temporarily stimulated by the introduction of the new models, unit sales for the first 10 months of 1966 remained slightly below unit sales for the corresponding period of the previous year.

Externally, conditions were very favourable in 1966 for the further expansion of Canadian manufactured exports, even though there was an economic weakening in some of Canada's overseas markets. In this respect, Canadian industrial growth was, in particular, aided by the steady and rapid expansion of the United States economy. The greater material requirements of United States industry was of very direct benefit to the growth of Canadian manufacturing. In the first eight months, shipments to the United States of inedible fabricated products and end products together, ran some 30 per cent higher than in the corresponding period of 1965, while the exports of such products to all countries rose 20 per cent over the same period.

In commodity terms, the most significant feature of Canada's foreign trade in 1966 was the remarkable rise in fully manufactured exports. In the first eight months they totalled \$1.2 billion, 49 per cent more than in the corresponding eight months of the previous year. All types of industrial machinery exports showed gains. But the most dramatic increase came in motor vehicles and motor vehicle parts. With the continuing implementation of the Canada-United States automotive agreement, and increasing specialization in Canadian and United States plants, there was a great increase in both exports and imports of automotive products. In the first eight months of this year, exports of automotive products amounted to over \$500 million, almost three times the value of exports in the corresponding period of 1965. At the same time, defence production sharing and federal government assistance in the export financing of capital equipment continued to be important factors in the export sales of Canadian manufactured goods, as indicated by the sizeable increases in the exports of navigation equipment, and electrical and communications equipment.

The exports of fabricated materials also showed continuing gains over 1965 levels, being up 10 per cent on

an eight-month, year-to-year basis. While almost all industrial material exports were greater than in 1965, sizeable increases were recorded for lumber, wood pulp, newsprint, castings and forgings, fertilizers, petroleum, aluminum and nickel.

As in previous years of the current period of economic growth, industrial expansion resulted in further increases of manufactured imports and in 1966 the rise in such imports was augmented by the continuing implementation of the Canada-United States automotive agreement referred to above. On the basis of an eight-month, year-to-year comparison, imports of fabricated materials and end products were 19 per cent greater in value terms. Apart from the effect of the automotive agreement, which accounted for some one-third of the increase in manufactured imports, much of the larger inflow was related to the capital investment program, which led to greater purchases from abroad of all types of machinery and equipment, with the United States being the chief supplier. At the same time, the high level of manufacturing activity resulted in greater purchases of industrial components from foreign sources.

One feature of Canada's balance of trade last year was especially noteworthy. That was the reduction in Canada's trade deficit on automotive products. In the first eight months, the deficit on total trade in selected categories of automotive products declined by \$64 million. This improvement resulted entirely from the sizeable reduction of \$86 million in Canada's deficit with the United States on automotive trade.

Although the strain on the supply capabilities of Canadian manufacturing, apparent in the earlier part of the year, eased somewhat as 1966 developed, pressure on costs and prices remained in evidence. Production costs continued to advance, with wage and other costs in certain manufacturing and ancillary industries showing substantial increases. On the other hand, with capital facilities still at a high stage of utilization and a continuing shortage of skilled workers in a significant number of manufacturing industries, indications are that the rate of productivity increase in Canadian secondary industry in 1966 fell below the 1965 rate of increase. Since the rise in productivity places limits upon the size of gains in real income, taken either in profits or wages, demands in excess of productivity growth can result in price increases. Thus with strong demand and a slower rate of productivity growth, the prices of Canadian manufactured products in general moved upward in 1966.

In September the various industry selling price indexes were running on average about three per cent above



"Manufacturers of building equipment, accessories and materials account for over 50 per cent of all construction expenditures."

the level of the same month in 1965, although there appeared to be some moderation in the rate of increase in the last half of 1966. This year-to-year increase, however, was more than twice the rate of increase in the previous three years. In a number of industries the price rise was significantly greater than the average, notably in meat packing, leather products, brass and

copper products, and wire and cable. One disturbing feature of this situation was that manufacturing costs and prices in Canada advanced somewhat more rapidly than in the United States, thus weakening the position of Canadian manufacturers vis-a-vis their United States competitors.

ORGANIZATION OF THE DEPARTMENT OF INDUSTRY

During the past year, the Department adapted somewhat its organizational structure in order to undertake new program responsibilities and to reflect a more precise definition of its role in the light of experience over the past three years.

Organizational developments during the year included the establishment of the Secretariat for the Adjustment Assistance Board which administers the transitional assistance related to the Automotive Program.

To enable the Department to deal more effectively and expeditiously with requests from other federal departments and agencies to assist in the formulation of programs and policies affecting the Canadian manufacturing and processing industries, the office of Industrial Policy Adviser was established within the Program Advisory Group. The Industrial Policy Adviser, together with the Industrial Research Adviser and the Economic Adviser, assist the Deputy Minister and the line branches in their particular functional areas and are also responsible for formulating programs having a general application to all industry sectors.

Legal, financial, personnel and other administrative services continue to be provided by the Department of Defence Production.

DIRECTORY OF PERSONNEL

MINISTER

The Honourable C. M. Drury, P.C., C.B.E., D.S.O., Q.C., M.P.

Executive Assistant T. Porteous

DEPUTY MINISTER'S OFFICE

Deputy Minister S. S. Reisman

Assistant Deputy Minister B. G. Barrow

Assistant Deputy Minister D. B. Mundy

Executive Assistant to the Deputy Minister. G. A. Berger

PROGRAM ADVISORY GROUP

Industrial Research Adviser. J. L. Orr

Economic Adviser. A. S. Abell

Industrial Policy Adviser H. H. Wright

Departmental Representative on the Canadian

Delegation to the GATT Tariff Negotiations L. C. Howey

AREA DEVELOPMENT AGENCY

Commissioner W. J. Lavigne

Deputy Commissioner. J. A. Teeter

BRANCHES

Director, Aerospace Branch. G. T. Rayner

Director, Apparel & Textiles Branch A. M. Guerin

Acting Director, Chemicals Branch. J. E. G. Howarth

Acting Director, Electrical & Electronics Branch E. A. McIntyre

Director, Food Products Branch A. H. Mathieu

Deputy Director. J. J. Tennier

Director, Machinery Branch J. J. McKennirey

Acting Deputy Director J. C. Stavert

Director, Materials Branch. R. D. Hindson

Acting Deputy Director H. R. Pineault

Acting Director, Mechanical Transport Branch C. D. Arthur

Director, National Design Branch E. P. Weiss

Deputy Director. J. H. Swann

Director, Shipbuilding Branch. J. C. Rutledge

Director, Wood Products Branch. K. O. Roos

Deputy Director. P. L. MacDougali

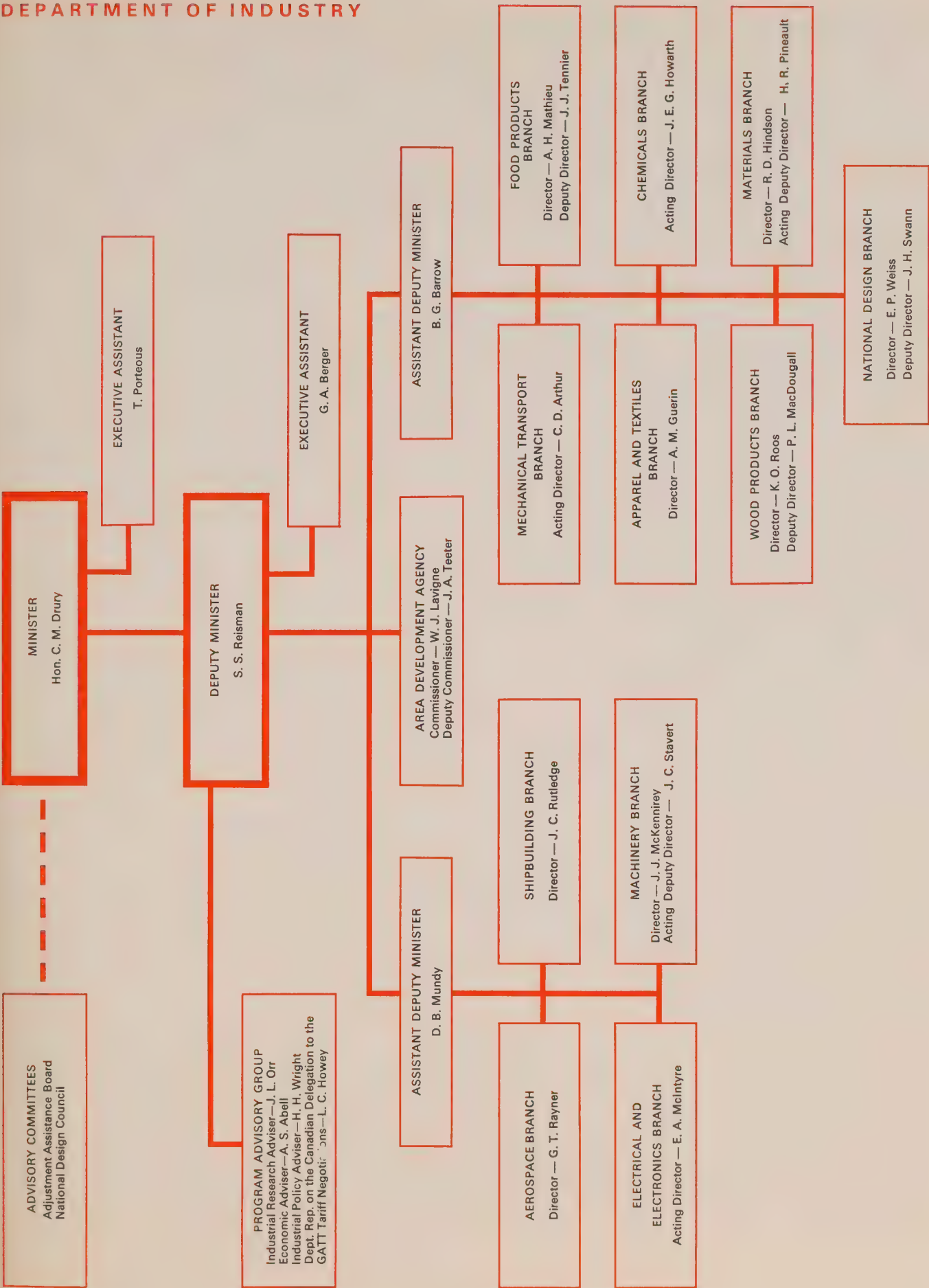
The Comptroller's Branch of the Department of Defence Production provided a complete accounting service for the Department of Industry, and from its accounting records has prepared Statements of Expenditures and of Revenue with respect to the year ended March 31, 1966 as follows:

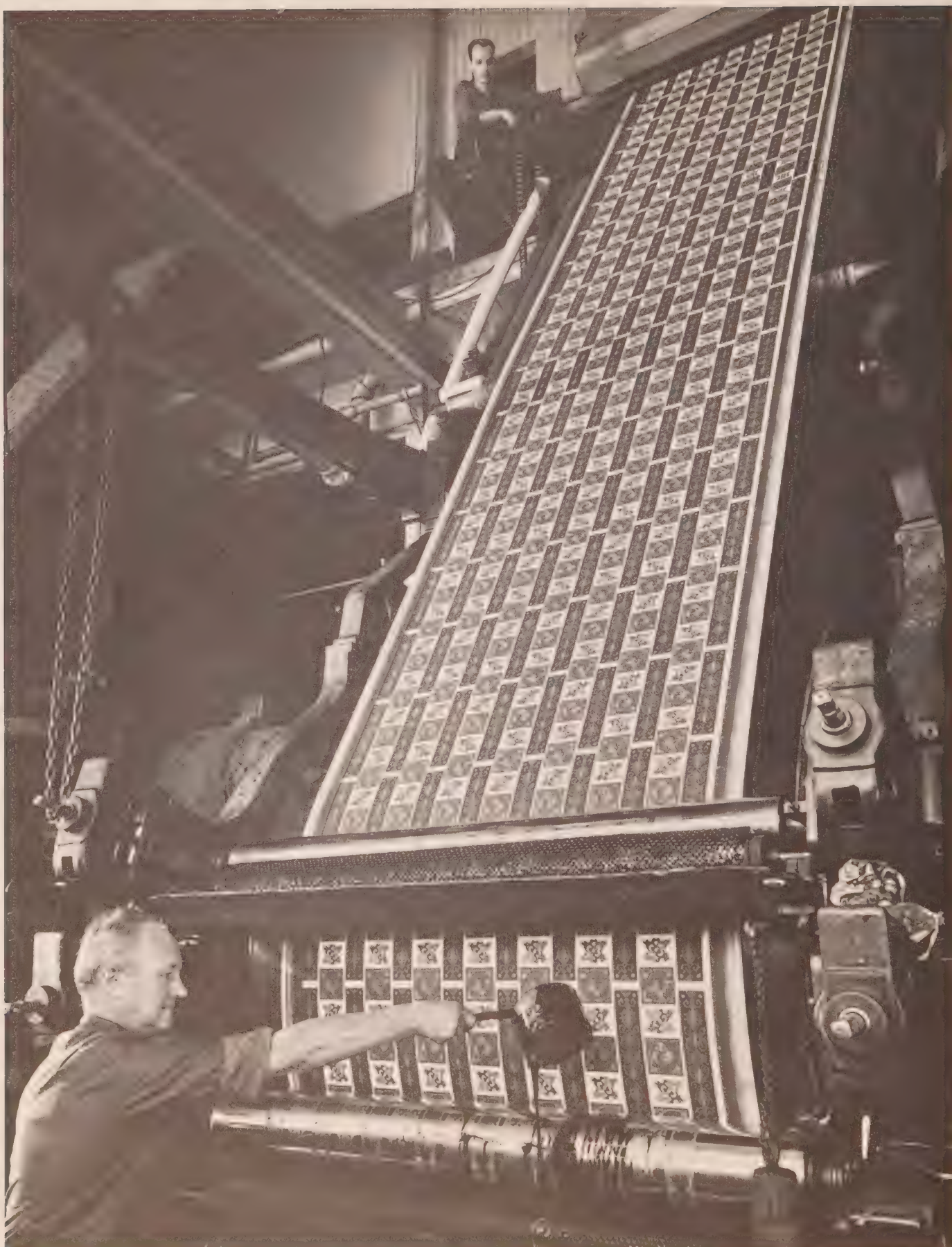
STATEMENT OF EXPENDITURES

Vote 1—Departmental Administration	
Salaries and Wages	\$ 3,813,066
Living Allowances	14,711
Professional and Special Services	171,576
Travelling and Removal Expenses	301,404
Freight, Express and Cartage	8,760
Postage	6,235
Telephones and Telegrams	75,501
Publication of Departmental Reports, etc.	88,776
Exhibits, Displays and Advertising, etc.	178,525
Office Stationery, Supplies and Equipment	205,032
Grants, Scholarships, Bursaries and Awards	63,450
Expenses of Industrial Missions, Conferences and Seminars	24,929
Sundries	6,186
	<u>\$ 4,958,151</u>
Vote 5—To sustain Technological Capability in Canadian Industry	\$23,897,779
Vote 10B—To advance Technological Capability of Canadian Manufacturing Industry .	\$ 428,219
Vote L27C—Loans to assist Manufacturers of Automotive Products in Canada	<u>\$ 125,000</u>
Statutory—Minister of Industry	
Salary	\$ 15,000
Motor Car Allowance	2,000
	<u>\$ 17,000</u>
Total Expenditures	<u>\$29,426,149</u>

STATEMENT OF REVENUE

Refunds of previous years' expenditures—Vote 5	<u>\$ 2,498,035</u>
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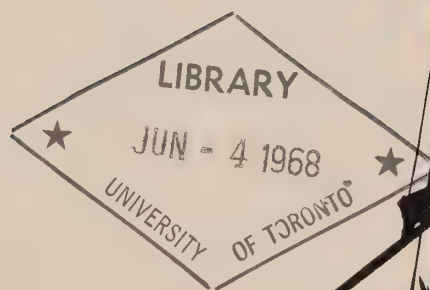




"The exports of fabricated materials also showed continuing gains . . ."



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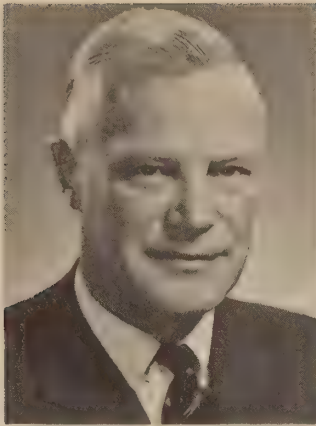
ANNUAL REVIEW 1967



ANNUAL REVIEW 1967



CANADA DEPARTMENT OF INDUSTRY, OTTAWA



Ottawa, January 31, 1968.

The Honourable C. M. Drury, P.C.,
C.B.E., D.S.O., Q.C., M.P.,
Minister of Industry,
Ottawa, Canada.

Dear Sir:

The year 1967 was an important one for the Department of Industry. New programs were formulated and implemented and a review of existing activities brought about a number of significant revisions. The purpose of all these program activities is an improvement in the productivity and competitive position of Canada's manufacturing industries. The results, while difficult to measure in the short run, amply justify the effort involved.

Although the following pages constitute a report of the Department's activities in the period from April 1, 1966 to March 31, 1967, they contain a summary, where appropriate, of more recent developments in our operations.

It is my belief that this Annual Review is a significant record of accomplishment and progress that will be read with interest by the Canadian industrial, business and educational communities, as well as in governmental circles.

Respectfully submitted,

S. S. Reisman

S. S. Reisman,
Deputy Minister.





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INTRODUCTION

The recent round of tariff negotiations under GATT was proposed by the late President Kennedy in 1962. It was only during 1967, however, that these negotiations were concluded and preparations were made for the implementation of the results.

Perhaps more than any previous tariff negotiations, the outcome of the Kennedy Round affords a major opportunity for improving the productivity and speeding up the expansion of efficient Canadian secondary industries. It was fitting, therefore, that departmental representatives played an active part in these negotiations, and that the Department's Machinery Program should have been a key element in the trade and tariff agreements which Canada entered into.

This Annual Review will not attempt to summarize the results of the Kennedy Round or their impact on the individual sectors of Canadian secondary industry. Rather it is the purpose of this Review to highlight the programs of the Department of Industry which should help this major sector of the Canadian economy to respond to the challenge of our new commercial environment.

In some important respects, several new programs have been structured by the Department with a view to assisting Canadian industry to adjust to the challenges and to take advantage of the opportunities afforded by the Kennedy Round results. In this regard, the General Adjustment Assistance Program and the Machinery Program, both of which were announced in December in anticipation of the first tariff reductions on January 1, should provide Canadian industry with both an incentive and a means for improving its operations and thereby developing the necessary competitive strength to prosper in the new world trading environment.

At the same time, the Department's existing programs to increase the level and improve the quality of industrial research, design and development take on added importance, since these activities can play a significant role in the development of new products and processes which have world market sales potential.

During 1967, the Industrial Research and Development Incentives Act was passed by Parliament. This new incentive, along with the Department's programs to assist specific research and development projects of both a commercial and defence nature, should provide a thrust in the direction of heightened activity in this field. The benefits that have been derived from the Department's emphasis on these activities are reflected in expanded exports, increased productivity and the development of a more secure technological underpinning so necessary to the international competitive strength of the Canadian economy.

The results of the Kennedy Round and the programs which have been formulated to assist Canadian industry to adapt to and take advantage of them will enable the Department to broaden its efforts to improve industrial productivity. These should not obscure, however, certain other departmental activities which were initiated several years ago and which have already made a significant impact on Canadian industrial performance. Reference to some of the results of these programs illustrates their effectiveness, even in the short period since their inception.

Under the Automotive Program, exports of motor vehicles and parts reached approximately \$1.3 billion during 1967, a twelve-fold increase over the comparable period before the introduction of the program. This notable achievement, together with increased employment and productivity in the industry, also reflect the results of the Department's Automotive Adjustment Assistance Program.

Due to the stimulus of the Area Development Program, areas of Canada which have been characterized by high and chronic unemployment or underemployment have received \$1.8 billion of new investment, and 50,000 new direct employment opportunities have been created. The Government's shipbuilding policy, formulated by the Department of Industry and supported by the Department's Shipbuilding Subsidy Program, has helped maintain the level of shipbuilding activity in Canadian yards, with some indications of a trend towards increased specialization and improved efficiency within the industry.

While the formulation and operation of these various programs should have a significant impact in creating the kind of industrial climate which is conducive to generating improved industrial performance, the Department's activities are by no means confined to them.

The Department of Industry interprets its general mandate to include bringing to bear sound analysis and informed judgments about the needs and interests of Canadian secondary industry in the formulation and operation of policies and programs which are the responsibility of other Government departments and agencies or in which responsibility is shared with them. In this regard, during the past year the Department made important contributions in such new Government activities as studies of commercial satellite development, the retrieval and dissemination of scientific information, as well as the formulation of a proposal for the establishment of a Standards Council of Canada.

Also in recognition by the Government of the Department's broader role, the Deputy Minister of Industry was named to the Science Council of Canada, and was made a member of the Board of Directors of Canadian Patents and Development Limited, and the Board of Directors and Executive Committee of the Industrial Development Bank.

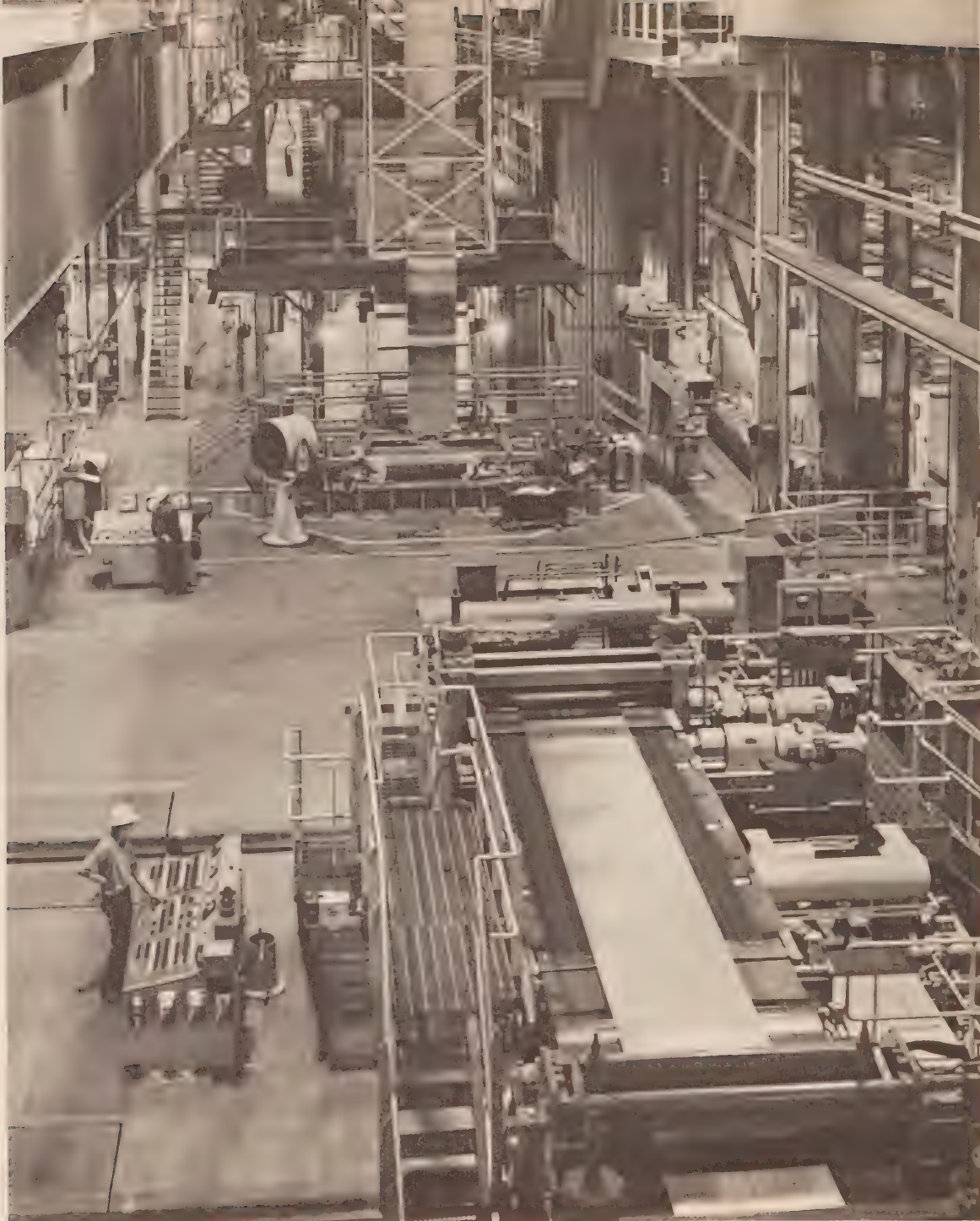
Mention should also be made of the Department's continuing interest and attention to the more traditional policy areas including taxation, trade and tariffs, restrictive trade practices, manpower planning, transportation, energy and the financing of Canadian industry.

Each of these policy areas affects the overall industrial environment in a very direct manner. Efforts by the Department to ensure that timely and effective consideration is given by the Government to the needs of industry when policies are being formulated, together with the specific programs of the Department of Industry, should help to create a hospitable climate in which Canadian industry can flourish and grow.

In this era of fast-changing technology and intensified world economic competition, the tasks which face Canadian industry are indeed formidable. Successful performance will require it to draw on all its qualities of energy, resourcefulness and willingness to take risks.

Government also faces vital challenges in this regard. For it must provide the proper balance of measures for encouragement and assistance while, at the same time, avoiding interventions which would lead to chronic dependence on governmental support.

The establishment and initial operations of the Department have been helpful in assisting Canadian industry to respond to the new challenges and opportunities. Much remains to be done, and the willingness of the private sector to work with the Department in identifying problems and opportunities as well as in finding practical solutions has been most encouraging. The following pages contain a fuller account of departmental programs and activities which have been developed in co-operation with Canadian industry. Suggestions as to how they might be extended, modified and improved are welcomed by the Department.



New opportunities have been created for Canadian secondary industry by the Department.

General Adjustment Assistance Program Machinery Program

"In circumstances of freer world trade, it seems essential that Canada's secondary industry should develop greater competitive strength."

In December 1967, the Prime Minister announced the introduction of a General Adjustment Assistance Program related to the Kennedy Round. This announcement was the culmination of months of effort by departmental officers following a statement by the Minister of Industry the previous May that preparations for such a program were going forward. In the interim, at the request of the Minister, representations on the desirability and form of an adjustment assistance program were submitted by interested groups and were given due weight in the formulation of the program.

The need for such a program and its principal features became apparent in reviewing the new competitive situation resulting from the Kennedy Round. In circumstances of freer world trade, it seems essential that Canada's secondary industry should develop greater competitive strength. In some instances, if firms are to survive they will have no option but to reorganize and re-equip. In other instances, where the Canadian tariff may not be reduced significantly, the forward-looking firm will, in any case, want to reorganize and respond to the challenges and opportunities of the new world trading environment.

This situation dictated that the major objectives of industrial adjustment policy should be:

- to derive as much benefit as possible from widening markets and increasing scope for greater specialization and longer production runs; and
- to assist firms adversely affected to adapt effectively to more competitive conditions.

And yet, an adjustment assistance program should not be a new device for governmental intrusion into the private sector of the economy. On the contrary, the orientation of such a program should be to offer secondary industry the means, if it chooses to use them and where they are otherwise lacking, for improving its economic performance, in response to the challenges of the Kennedy Round. In the formulation of the program, it was accepted from the outset that any general scheme for financing the expansion of Canada's manufacturing industries would be going well beyond any reasonable scope for an adjustment assistance program.

The program announced by the Prime Minister in December has three principal features:

1. Insured Loans

The first feature of the program will be the offer by the Department of insurance of the major share of the risk of loss on adjustment assistance loans made by private lenders. To be eligible for insured loans firms must, as a first step, establish that they have either been seriously injured or threatened with serious injury as a result of the Kennedy Round tariff reductions made by Canada or that they have significant production and export opportunities arising out of the Kennedy Round. There are also three further tests which have to be met by a firm in order to qualify for an insured loan. First, a firm must present a comprehensive plan for a restructuring of its operations in order to improve its competitive position. Second, its comprehensive plan must be judged to be sound by an Adjustment Assistance Board, assisted by expert departmental staff. Third, it must be clearly established that sufficient financing cannot be obtained on reasonable terms from other sources. The Department will charge a fee for insuring loans, and the private lenders, in agreement with the borrowers, will set the terms of the loans subject, of course, to competitive forces in the financial markets.

2. Direct Loans

For firms that have been seriously injured or threatened with serious injury as a result of reductions in the Canadian tariff and who are unable to borrow the funds they require to readjust from the private sector under the insured loan program, the Department will be prepared to provide direct loans on condition the firm undertakes to seek a viable solution to its problems. It is expected that very few firms will experience these conditions and consequently only limited use will be made of the direct loan feature.

3. Technical Assistance

Since many of the applicants for financial assistance under the program will be small or medium-sized firms which may not have the resources within their own organizations to formulate fully sound adjustment proposals, a provision for technical assistance is included in this program. Where necessary, applicant firms will be assisted in finding competent technical and professional advice in the private sector. The Department will share the cost of such consulting services with the firm to the extent considered appropriate in each case, but the Department's share will not exceed 50 per cent.

Discussions of arrangements for insuring industrial adjustment loans are now taking place with representatives of the banks and will be extended to other appropriate lenders who may be interested. Authority for giving the guarantees needed to implement the insured loans program will be sought from Parliament in Supplementary estimates this year. The Main Estimates for 1968-69 will include an appropriation for the direct loan and technical assistance programs.

Machinery Program

One of the major new elements in the Department's efforts to promote and facilitate the efficient expansion of Canadian secondary industry is the Machinery Program which was announced in December. This program, which came into effect on January 1, 1968, has two purposes. The first is to encourage improved efficiency by enabling Canadian industry to acquire capital equipment at the lowest possible cost. The second purpose is to enable the Canadian machinery industry to derive maximum incentive and encouragement from the tariff which will now apply with a greater measure of certainty to the products it manufactures. The basic elements of the program are:

1. Establishment of common rates of duty for machinery imported largely by the Canadian manufacturing and service industries. These rates, which previously ranged up to 22½ per cent, are now 15 per cent Most Favoured Nation, 2½ per cent British Preference.
2. Provision for remission of duty by the Governor-in-Council on the recommendation of the Minister of Industry when such machinery is not available from production in Canada and the remission is in the public interest.

The "class or kind" distinction in the Customs Tariff has disappeared for items falling under the program. As such, the tariff is now applied with greater certainty and has resulted in a major simplification in tariff administration, removing a long-standing source of litigation, with consequent uncertainty for Canadian industry.

The program will reduce capital costs for Canadian industry by an estimated \$45 million annually. This is expected to provide an incentive for the acquisition of the most modern and efficient machinery, leading to higher productivity and increased competitive strength in international markets.

The program has a number of advantages for the Canadian machinery industry.

The rate of 15 per cent M.F.N. provides a reasonable measure of tariff protection for the industry, having regard to machinery tariff rates of other industrial countries pursuant to the Kennedy Round trade agreement.

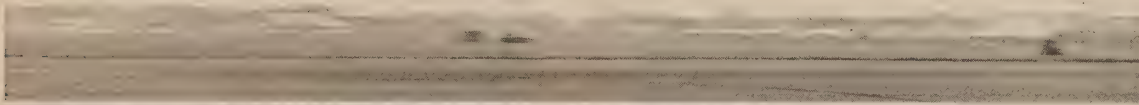
The new tariff rate now applies to any product covered by the program which manufacturers produce as soon as they are in a position to supply it, whereas, under the previous system, a Canadian-made machine was not entitled to "made in Canada" status, and the related level of protection, until such machines accounted for 10 per cent of domestic consumption in their class. This is of particular importance to Canadian producers of custom engineered machines. Previously, the usefulness of the "made in Canada" and anti-dumping provisions for custom-made products was limited because of the difficulty of demonstrating that domestic firms supplied 10 per cent of Canadian consumption.

The provision for remission provides increased flexibility for permitting entry of production components free of duty and, therefore, will encourage and assist machinery producers to specialize and compete more effectively.

The new program is expected to be a major incentive for increased productivity in the machinery industry by encouraging specialization, instead of the past tendency to produce an excessively wide range of products on an uneconomic basis. This is of particular importance since competition in the industrial machinery and equipment market is international and severe. Historically, few, if any countries have been able to produce their total machinery requirements. The range of products is too diverse and manufacturers in various countries have developed certain specialties with which it is uneconomic to compete. Thus the desirable course for a machinery industry, particularly in an economy of Canada's size, is to aim at manufacturing an increasingly selective range of products designed and priced to be competitive in both domestic and international markets.

During 1967, there was increasing evidence that Canadian machinery and equipment manufacturers, many of which are subsidiaries, are pursuing the possibilities for greater specialization and wider markets. Various arrangements are being made with parent corporations in this regard, including expanded design engineering activity in Canada. These steps have been

encouraged in a substantial number of cases by the availability of assistance under other departmental programs, particularly PAIT. The impact of these programs will be further enhanced by the stimulus for specialization and efficiency resulting from the Machinery Program.



Canada's unique and versatile "water bomber" was developed with financial assistance from the Department. Increased scientific research and development is considered by the Department to be vital to industrial growth.

Industrial Research and Development

"...to encourage and assist Canadian industry to engage in scientific research and development by sharing with industrial firms the cost of specific research and development projects..."

From its inception, the Department has recognized the importance of science and technology to the attainment of its objectives of raising the level of productivity and improving the competitive position of Canadian manufacturing industry. In previous years, several programs were introduced to encourage and assist scientific research and development and the use of modern technology in Canadian industry. In 1967, two new programs were established which, together with existing programs, constituted a major activity of the Department.

Industrial Research Institutes

In January 1967, the Department introduced a program to assist Canadian universities in establishing and administering industrial research institutes to provide a framework within which universities can undertake contract research on behalf of industry. The basic aim of the program is to draw on university staff and facilities to help alleviate the shortage of scientific and technical resources available to industry as a whole, and to provide scientific services to smaller firms which cannot afford to staff and maintain their own research facilities.

The program is also expected to foster closer relationships between the universities and industry, enabling the universities to gain a better understanding of industry's problems and needs, and making it possible for industry to become more familiar with the latest advances in science and technology.

To qualify for assistance under the program, an industrial research institute must be wholly owned by a Canadian university. The Department's contribution normally takes the form of a grant to cover the costs of administering an institute during the initial years of operation. Industrial customers are expected to bear all direct costs of research conducted by an institute on their behalf and, in the longer term, institutes are expected to become self-supporting. Grants to four Canadian universities totalling about \$475,000 had been approved under the program by the end of the year. These institutes are located at

the University of Windsor, McMaster University, the University of Waterloo, and Nova Scotia Technical College. Discussions are currently taking place with a number of other Canadian universities looking to the establishment of additional industrial research institutes.

Industrial Research and Development Incentives Act

On March 10, 1967, the Industrial Research and Development Incentives Act came into force. This Act provides general incentives to industry for the expansion of scientific research and development in Canada. It replaces the special incentive for scientific research introduced in 1962 under Section 72A of the Income Tax Act which expired in 1966. The new Act is administered by the Department of Industry and incorporates several features designed to make the incentive more widely available and more effective than the previous tax incentive.

Under the Industrial Research and Development Incentives Act, Canadian corporations are entitled to apply to the Department for a cash grant or for a credit against their federal income tax liabilities amounting to 25 per cent of:

- (i) all their capital expenditures (for the acquisition of fixed assets other than land) for scientific research and development in Canada; and
- (ii) the increase in their current expenditures in Canada for scientific research and development over the average of such expenditures in the preceding five years.

To qualify for a grant, expenditures must be for scientific research and development carried on by a corporation for the purpose of strengthening or extending its business in Canada. Corporations must therefore undertake to exploit the results of their research and development work in Canada unless, according to sound business judgment, it would be uneconomic to do so. Furthermore, corporations must normally be free to market products resulting from their research and development to all countries of the world.

Grants made under the Act are not subject to federal income tax and are in addition to the normal 100 per cent deduction of all expenditures for scientific research under the Income Tax Act. To a corporation in the 50 per cent tax bracket, the net cost of all new capital facilities for research and development and for all increases in current expenditures on research and development is effectively reduced to 25 cents on the dollar.

Regulations made under the Act were published in June, together with forms and instructions for making an application for a grant, and for requesting a prior opinion as to eligibility for a grant. To December 31, 1967, 201 applications for grants amounting in total to some \$10 million had been received by the Department.

Assistance for Specific Projects

Throughout the year the Department continued to provide financial assistance to industry for specific research and development projects under the Defence Development Sharing Program and the Program for the Advancement of Industrial Technology. The basic objective of these programs is to encourage and assist Canadian industry to engage in scientific research and development by sharing with industrial firms the cost of specific research and development projects proposed and undertaken by them.

Defence Development Sharing Program

The Defence Development Sharing Program is designed to enhance the technological capability of the Canadian defence industry by providing financial assistance to industrial firms for the development of products for both military and para-military purposes. Since its inception in 1959, this program has played a major role in helping industry to develop its skills on a specialized basis in fields of technology which have defence and often civil applications, and which Canada is in a favourable position to exploit. Costs of selected development projects are shared by the Department and the Canadian firm concerned and, in some instances, by the governments of other NATO countries. Among the projects that have received assistance are communications and aircraft navigation sys-

tems, gas turbine engines for aircraft, flight safety and simulation equipment, and information display facilities. Exports of the products of these developments continue to increase, including significant orders for such diverse applications as commercial airlines, public communication networks, television distribution systems as well as for military purposes.

The Department is currently spending about \$25 million annually under this program to support 61 development projects. Canadian industry and foreign government contributions amounted to about \$27 million during the year.

Since the inception of this program, 109 development projects involving an expenditure of \$103 million have been supported. The value of sales to date related to the 53 projects now completed, or achieving sales, is \$658 million.

Program for the Advancement of Industrial Technology

The Program for the Advancement of Industrial Technology was established by the Department in July 1965, and is the civil counterpart of the Defence Development Sharing Program. Under this program, the Department underwrites the development of new or improved products or processes which involve a significant advance in technology and which, if successful, offer good prospects for commercial exploitation in domestic and foreign markets. Priority is given to projects which increase productivity or otherwise contribute directly to economic growth, and which afford opportunities for Canadian industry to attain a unique capability or technical leadership, taking advantage, where possible, of Canada's natural resources, skills and environment.

The program continued to expand in 1967. Forty-four new development projects estimated to cost \$9.6 million were approved, bringing the total number of projects supported under the program since its inauguration to 109, valued at \$33.5 million, and covering all major sectors of Canadian industry. Several companies which had

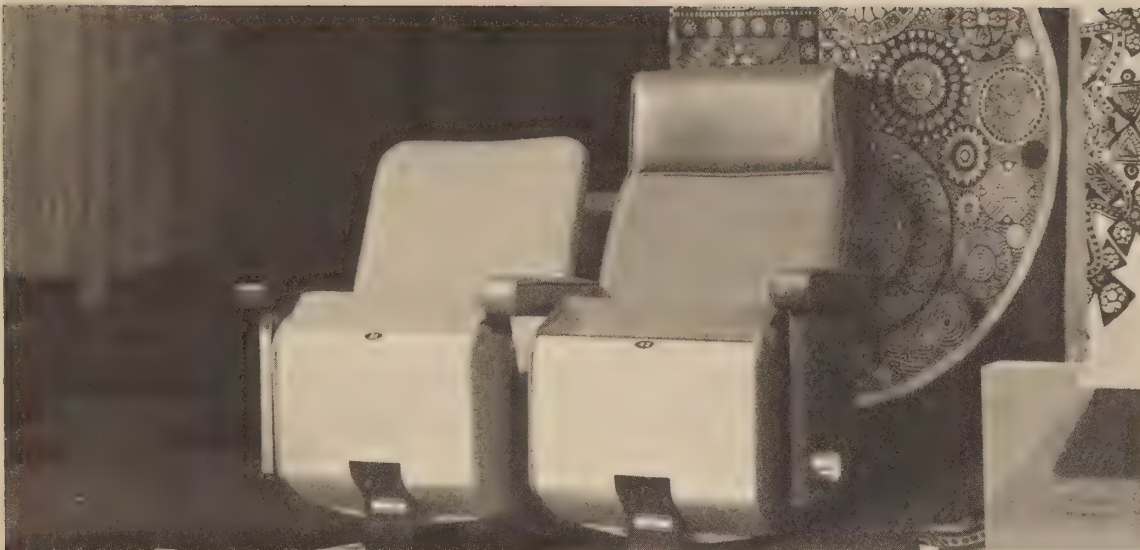
successfully completed projects put the results into commercial use and began to repay the Department's contribution.

Seminars on Automatic Process Control

Four seminars in the series on automatic process control were sponsored by the Department during 1967 at the Universities of British Columbia, Laval, Alberta and Manitoba. The purpose of these seminars is to acquaint industrial managers with recent advances in automatic control and to help them evaluate possible application for automatic control in their industry.

Scientific and Technical Studies

A number of scientific and technical studies were undertaken during the year both to support departmental activities and to assist other agencies requiring advice and information on the scientific and technical resources of Canadian industry. In March, the Department presented a report on Industrial Research and Development in Canada to the Science Council of Canada. In the same month, the Science Secretariat initiated a study of scientific and technical information in Canada, in which the Department of Industry is playing a major role. The Department also participated in a study carried out by the Organization for Economic Co-operation and Development, of gaps in technology between member countries of the organization, conducting detailed examinations of six selected sectors of industry in Canada.

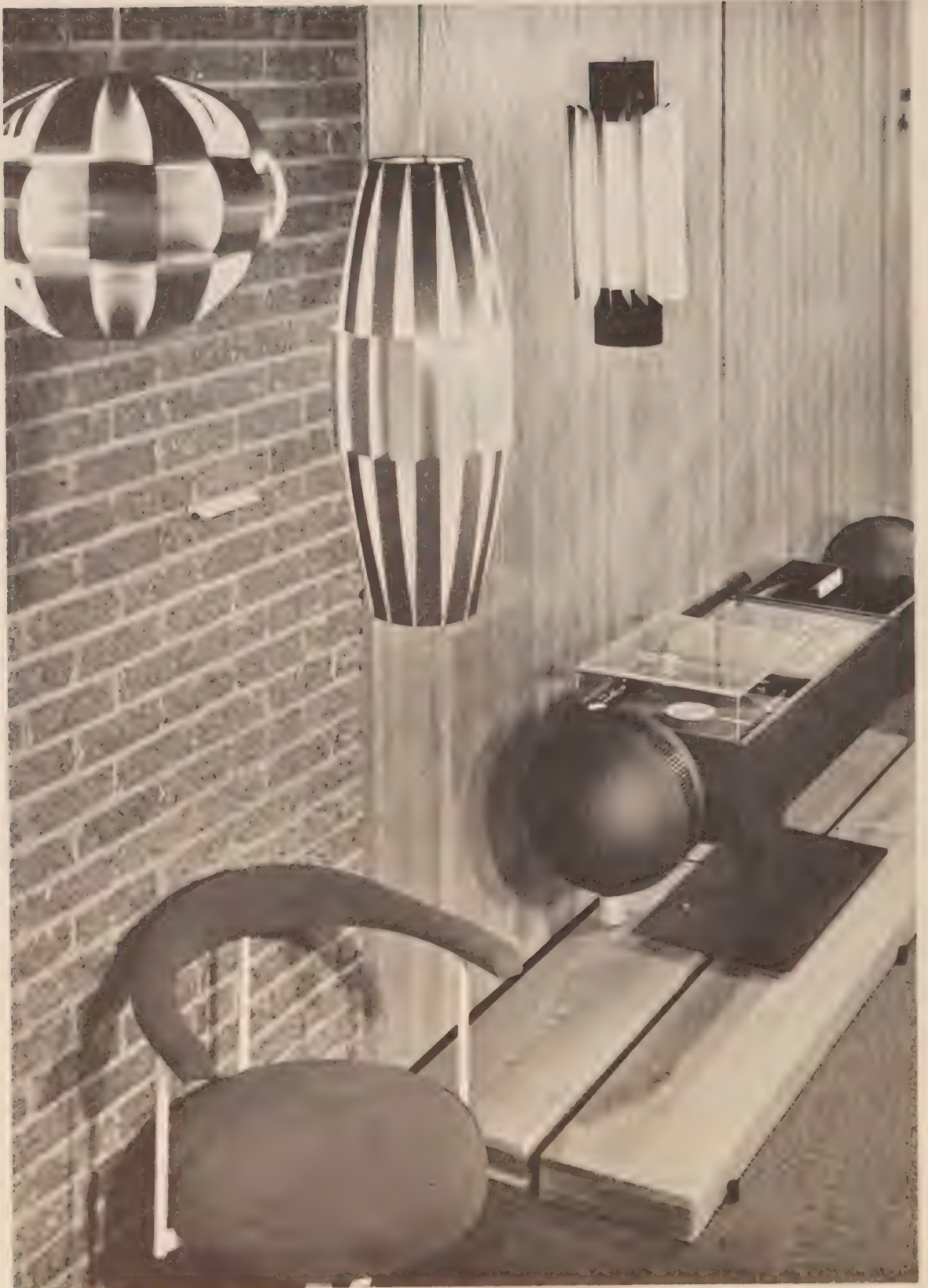


Displays of well-designed Canadian products can be viewed all year round at the Design Canada Centres in Toronto and Montreal.

Lord Snowdon was among the distinguished Centennial year visitors to the Design Canada Centre in Montreal.

Industrial Design

"A major project to reach completion in 1967 was the establishment of the Design Canada Centre in Montreal at Place Bonaventure."



The year 1967 brought design to the forefront in Canada. At no other time in Canada's history have there been so many and such varied challenges to Canadian designers and manufacturers as those afforded by Expo '67 and the many projects generated by Canada's centennial.

The international acclaim accorded Expo '67 and other outstanding centennial projects has clearly demonstrated the growing competence of Canadian design and manufacturing capabilities.

In support of the planners, designers and manufacturers responsible for centennial year projects, the National Design Council and the Department of Industry sponsored a number of activities and provided an advisory service to assist in the successful development and completion of Expo '67 and centennial year projects.

Canada-Design '67

This program was initiated in 1965 as a means of encouraging the manufacture of well-designed products for use in connection with centennial projects. The results of this program provided a ready source of reference on product design for planners of these projects.

Canada-Design '67 Catalogues of well-designed projects were widely distributed to architects, contractors, buyers, retailers and businessmen, both in Canada and abroad. The complete volume of the "Products for Buildings" catalogue was incorporated in the 1967 Canadian issue of Sweets' Catalogue, which is recognized as one of the most comprehensive reference sources on products utilized in the construction and outfitting of buildings.

To further promote these products, Design '67 displays were mounted in key centres across Canada, attracting over 100,000 visitors. Outstanding product designs resulting from Canada-Design '67 received prominent coverage in both the national and international press. Labelling privileges were extended to manufacturers whose products were accepted into the program and over 360,000 labels and tags have been issued during the year.

Over 380 new product designs were accepted and promoted among prospective manufacturers. More than 70 of these were adopted and produced for use during centennial year.

Expo '67 Designs

During the period of Expo '67, a study was made of product designs created specifically for the fair in order to identify those products and designs which had good possibilities for commercial production. More than 150 products were, in fact, identified for commercial promotion.

I.C.S.I.D. '67

Through the efforts of the National Design Council and the Department, an international seminar on industrial design was held in Ottawa and Montreal in September 1967. A highlight of the meeting was the Assembly and Congress of the International Council of Societies of Industrial Design. The Assembly was held in the Parliament Buildings and the Congress took place at the Dupont Auditorium on the Expo site. This event attracted over 625 representatives from 32 countries and was acclaimed as the most successful meeting which this international body has ever held. In order to maximize the benefits of the Congress for design in Canada, the proceedings are being published for distribution to interested users of design information.

Design Canada Awards

Two awards projects were completed on a joint cost-sharing basis with industry associations. The purpose of these projects was to recognize the design achievements of Canadian industry by offering awards and promotional benefits. The DESIGN CANADA Structural Steel Awards Program, to honour noteworthy achievement in the creative design of buildings and bridges using structural steel, attracted 62 entries. Of these, four received the "Award of Excellence" and seven "Design of Merit" recognition. The DESIGN CANADA Concrete Awards Program, intended to encourage and recognize creativity in the design of concrete buildings and bridges, attracted 152 entries of which three were honoured with the "Award of Excellence" and 14 with the "Design of Merit".

In recognition of the useful role played by the Design Awards Program, the Canadian Appliance Manufacturers Association presented its Leadership Award to the Department for initiating the Design Awards Program.

Design Canada Centres

A major project to reach completion in 1967 was the establishment of the Design Canada Centre in Montreal at Place Bonaventure.

The new centre will provide a focal point for fostering better design in the products of industry in Quebec and other areas of Canada. It will also, of course, be a key display centre for well-designed Canadian products.

Interest in the Toronto Centre continues to increase. The attendance during the fiscal year was 84,786 as compared to the previous year's figure of 46,614 — an increase of 82 per cent. Nine feature displays were shown. These included the results of the DESIGN CANADA Awards Programs, a retrospective display of design from 1867 to 1967, outstanding designs of professional designers of today, and several exhibits of products for home and recreational use.

Design Canada Service

This activity is operated to make available to Canadian industry useful information about industrial design. It includes: a Reference Service — books, periodicals and technical papers on design subjects; a Record of Designers — information on professional designers and design services; a Speakers' Service — the names of qualified speakers on design subjects; an

Audio/Visual Service — films, filmstrips, slides and other visual material on design subjects for distribution, loan or sale; and a Product Index — the illustrated record of all products accepted for design promotion by committees appointed by the National Design Council. On request, an advisory service is offered to designers, manufacturers, businessmen, educators and the general public as part of the DESIGN CANADA Service. In connection with the Product Index, 2,100 products were submitted for evaluation in the past year, of which 600 were accepted for inclusion in the Index, which lists 2,000 products currently available on the market.

Design Canada Scholarships and Grants Program

Scholarships and grants were made available to encourage advanced training and research in the field of industrial design and to support the promotion of industrial design in Canada.

Government Sector

One of the aims of the Design Program is to demonstrate that cost/effectiveness in government operations can be achieved through the application of good design.

To this end the Department provides an advisory service to government agencies responsible for office installations and is demonstrating that through the application of good design, the working environment can be improved in terms of operational efficiency with considerable reductions in costs.



Many companies have taken advantage of the Department's Area Development Program. This large new plant is in Midland, Ontario.

Area Development Program

"Total investment will exceed \$1.8 billion, with new direct employment totalling almost 50,000."

In addition to its responsibility for improving the productivity and competitive position of Canadian secondary industry, the Department has been charged by Parliament with the task of improving employment opportunities in certain areas of Canada which in recent years have suffered from high levels of chronic unemployment and underemployment.

Of the 91 Canada Manpower Centre areas and contiguous counties and census divisions which had been designated under the program since its inception in 1963, 81 remained designated during the year. Subsequently, a review of unemployment and employment conditions in all areas was carried out in April and May, 1967, coupled with the introduction of some improvements in the method of selecting designated areas. As a result, 15 additional areas, contiguous counties and census divisions became designated and one area, the Crowsnest Pass region in Southwestern Alberta and Southeastern British Columbia, was removed from the list. In the fall of 1967, three areas in the Southern Georgian Bay region were also removed because of greatly improved employment conditions as a result of the program, leaving 92 areas still designated. The 92 areas are distributed in all 10 provinces and contain some 17 per cent of the national labour force.

During the year, firms establishing new manufacturing and processing facilities or carrying out significant expansions to existing facilities in designated areas, had a choice of two main benefits: a three-year income tax exemption under Section 71A of the Income Tax Act or a capital grant under the Area Development Incentives Act. Eligible capital assets under either benefit, and new commercial buildings, whether used for manufacturing and processing or for other purposes could be depreciated for tax purposes at special rates under Classes 20 and 21 of the Income Tax Regulations. It was found that the capital grant was more attractive to industry, particularly in cases where firms might not be in a position to take advantage of income tax exemptions because of low sales and profits in the initial years of operation. Accordingly, the alternative of a

three-year income tax exemption was allowed to lapse on March 31, 1967. The special depreciation allowances continue to be available on assets eligible for capital grants, and grants may be taken, at the option of firms, in the form of a credit against their income tax liabilities.

Over 1,200 applications for assistance have been received since the inception of the program, covering projects in all but eight of the designated areas, of which over 800 have been approved or are under active consideration. Of the active applicants, more than 200 have expressed firm intentions to take the tax exemption benefit and over 600 firms have applied for the capital grants. The total investment in these new and expanded facilities will exceed \$1.8 billion with new direct employment totalling almost 50,000. It is expected that at least a like number of jobs will be created in the related trade and service industries.

These figures are broken down by regions of the country as follows:

	Projects	New Capital Investment (millions)	Employment
Atlantic Provinces	243	\$676	16,308
Quebec	207	481	10,538
Ontario	239	436	18,164
Prairie Provinces	103	202	3,100
British Columbia	53	50	1,755
Location undecided	2	2	93

In addition, as of March 31, 1967, 750 applications had been received from other than manufacturing and processing firms for accelerated capital costs allowances on new buildings and major extensions in designated areas valued in excess of \$150 million.

Actual expenditures in 1966-67 under the Area Development Incentives Act were lower than forecast because several of the larger projects were delayed in construction. As of December 31, 1967, grants in excess of \$8 million had been paid while commitments to pay grants in the future amounted to \$165 million. Funds in

the amount of \$50 million and committing authority to \$200 million have been approved under the Area Development Incentives Act.

In order to assess the results of the Area Development Program, a series of regional impact studies were commissioned. A team from Queen's University continued its analysis of the effect of the program in the Georgian Bay Region. Groups were at work in the University of New Brunswick, Dalhousie University and Memorial University preparing to study the results of the program to date in the Atlantic Provinces. A number of other economic research and study projects were commissioned by the Department following consultation with the appropriate provincial authorities. The Department was particularly interested in acquiring a broader knowledge of the relative capability of the designated areas in the Atlantic Provinces to attract new manufacturing activities.

Projects completed during the year included: co-sponsorship with the Social Science Research Council of Canada of an examination of comparative costs of locating new industries in Central Canada and Nova Scotia; a study of the problems of declining communities in Cape Breton Island; an evaluation of the present and future economic, scientific and technical research requirements in New Brunswick; a review of the development since 1945 of Nova Scotia's manufacturing industry. Also published in co-operation with the Social Science Research Council of Canada was an examination of area development policy in the United States 1955-1965, particularly as it relates to the Canadian experience. Assistance was provided for work on an economic atlas of Saskatchewan and the preparation of an economic profile of Prince Edward Island.

Following intensive interdepartmental consideration, improved statistical data are being developed for use by the Department for the purpose of examining unemployment and underemployment conditions throughout the country. Liaison was maintained with a number of foreign governments in connection with the development of regional economic policies and pro-

grams. All of these projects were carried out with a view to improving the capability of identifying areas of special concern and of expanding the means whereby economic activity may be accelerated in such areas.

In addition to its general study program, 17 studies to highlight manufacturing opportunities in designated areas were sponsored by the Department in co-operation with provincial governments during 1967. These included: British Columbia — two studies dealing with cottonwood recovery and utilization in lumber products, and the possibility of preparing and canning fruit cocktail; Alberta — two studies exploring the use of poplar in furniture components, and the recreational potential in the Crowsnest Pass area; Saskatchewan — three studies on the possibilities for a garment industry and industries manufacturing supplies for the potash and pulp and paper industries; Manitoba — four studies exploring the potential for the manufacture of pet foods, canning of potato salad, horse slaughtering and the manufacture of processed cheese; Prince Edward Island — two studies relating to fish processing and the manufacture of iron powder; Nova Scotia — two studies relating to handcrafts and laminated structural timber; Newfoundland — two studies looking into the feasibility of a large, integrated sawmilling operation and the opportunities for the manufacture of various building products.

The results of studies carried out are made available to the participating provincial governments for a minimum period of one year following which, if not acted upon, the information can be released to other interested parties.

During the year, consultants continued the preparation of the industrial development training course which will be made available to groups concerned with the training of industrial development and promotion officers. Plans are being worked out with the National Film Board for the preparation of an industrial development training film.

Several other aids to professional and part-time industrial development officers are being prepared. These include a guide to federal government programs in support of area development and a directory of officials and organizations involved in area and industrial development activities in Canada.

As in past years, officers of the Department attended meetings, seminars and important industrial exhibitions in Canada and the United States to bring the program to the attention of business and industrial executives. Officers were also called upon to assist local groups in designated areas with their programs for economic development in co-operation with provincial and municipal governments.



Canada's automotive industry has gained new vigour and strength since the introduction of the Canada-U.S. Automotive Agreement.

Automotive Program

Automotive Adjustment Assistance

"...the trade imbalance was reduced by \$165 million from the level of the previous year."

Further substantial progress has been made towards the attainment of the objectives of the Automotive Program. In 1966, production of passenger vehicles increased by approximately 25 per cent and commercial vehicles by more than 80 per cent over the levels of 1964, the year immediately preceding the implementation of the program. Total vehicle production in 1966 was 135 per cent of the 1964 level. This trend continued into 1967 with production of commercial vehicles rising to well over 200 per cent of 1964 production achievements. Shipments of domestic auto parts have also expanded, from \$628 million in 1964 to \$816 million in 1967.

The most notable achievements under the program have, however, taken place in the field of trade. In 1964, Canada exported vehicles valued at \$82 million; by 1966, exports of motor vehicles from Canada had reached a value of \$603 million, an increase of 735 per cent in only two years. Auto parts exports show much the same expansion, from a total of \$105 million in 1964 to \$402 million in 1966. Available figures for 1967 indicate that total automotive exports during the year to all countries exceeded \$1,230 million. Thus Canadian vehicle assemblers and parts makers have continued to gain substantially from the trade expansion.

The trade imbalance in automotive products, which had been growing rapidly in previous years, was reduced for the first time in 1966 and indications are that it will be further diminished in 1967. In 1966, the latest year for which complete statistics are available, the trade imbalance was reduced by \$165 million from the level of the previous year.

Average levels of employment in the automotive industries have also increased during the life of the program, from a monthly average of 69,000 in 1964 to 83,663 in 1967.

Investment

The automotive industry has in recent years announced the establishment in Canada of 95 new plants and the expansion of 169 existing facilities. In many cases, the expansion of existing facilities has involved their complete re-equipment with the most modern types of machinery. During the period 1964 to 1966, average annual investment was \$173 million, which was 355 per cent higher than during the years 1960 to 1963. Annual investment per worker increased from \$1,000 in the years immediately prior to the program, to \$2,700 in the period 1964 to 1966. The latter level of new investment is only slightly lower than that prevailing in the United States. Despite this notable increase in annual investment in Canada, total investment, per worker, in the industry is still well below that employed in the automotive industry in the United States.

Rationalization

An appreciable amount of rationalization of production has taken place, both in the assembly of vehicles and in the manufacture of parts. Although total production of motor cars has increased appreciably, the number of car makes, body styles and models assembled in Canada has been reduced considerably. It is estimated that about 160 models and styles were produced in 1967, compared with more than 230 models and styles in 1965.

Many parts plants, as well as assembly facilities, have rationalized their output and are now realizing the benefits of specialized production. In order to make the change-over from producing a great variety of parts, usually in short runs, plants have had to reorganize their facilities and install modern equipment.

Although notable progress has been achieved by the industry in modernizing and reorganizing its facilities during the life of the program, additional progress must be realized in modernizing Canadian plants and other facilities in order to further improve the ability of the industry to compete effectively in international markets.

Productivity

Traditionally, productivity in the Canadian automotive industries has been well below that in the United States. The trend to a greater variety of models and styles has intensified this problem for Canadian producers. Despite substantial growth in the size of the Canadian market for motor vehicles, the potential gains in productivity which might have resulted from larger scale output were being offset by an ever increasing choice of models. The Automotive Program has not only resulted in greater volume of output in Canada, but

has also made possible greater specialization. The results are already noticeable in terms of increased productivity. During the period 1961 to 1963, for example, the rate of average annual increase in productivity was five per cent in vehicle assembly in Canada; in 1965 and 1966 the average annual rate of increase had reached eight per cent. While Canadian productivity is still below that in the automotive industry in the United States, progress has been made — not only in reversing the previous trend — but in narrowing the differential in levels of productivity.

Despite the notable progress already achieved under the Automotive Program, Canadian producers face a variety of problems. The so called institutional barriers continue to hamper their efforts to obtain access to export markets. The problem of establishing contact with new customers in the United States is taking time and concentrated effort to overcome. New and different specifications must be met in selling in export markets and product approval procedures are time consuming and costly. While productivity has shown appreciable gains, it is still well below levels prevailing in the United States. Thus, while the achievements to date have been impressive, it will be necessary for the industry to continue to make major new investments in order to take full advantage of the new opportunities to produce for the much larger market now available to it.

Automotive Adjustment Assistance

The Automotive Program has created new opportunities for Canadian motor vehicle and parts manufacturers to expand their production, rationalize their output and to realize the economies of longer production runs. In order, however, to take advantage of these opportunities, many manufacturers found it necessary to undertake major re-equipment and expansion programs. Until the introduction of the program, the Canadian automotive industry had been geared to produce a wide variety of products, usually in relatively short runs and often at costs which reflected the disadvantages of small scale output. Plant and machinery which were adequate for this type of operation could not be utilized effectively for mass production of components which must meet critical tolerances.

Smaller manufacturers in Canada have always formed an important part of the automotive industry. These firms wished to play a role under the Automotive Program, which was designed in several specific ways to take their interests into account. In addition, the Department of Industry introduced the Automotive Adjustment Assistance Program to ensure that these domestic manufacturers would be able to obtain adequate financing on reasonable terms in order to modernize and re-equip their plants.

Loan Program

Under the Automotive Adjustment Assistance Program, loans are available to automotive parts producers who must re-equip or expand their plants but who cannot obtain the necessary capital elsewhere on reasonable terms and conditions. This program, which is administered by an Adjustment Assistance Board with staff support from the Department, provides for loans to automotive parts manufacturers and suppliers of materials, accessories and tooling used in the automotive industry. The repayment period of a loan made under this program is related to the borrower's capacity to repay and the circumstances of the loan, and may extend for a period of up to 20 years.

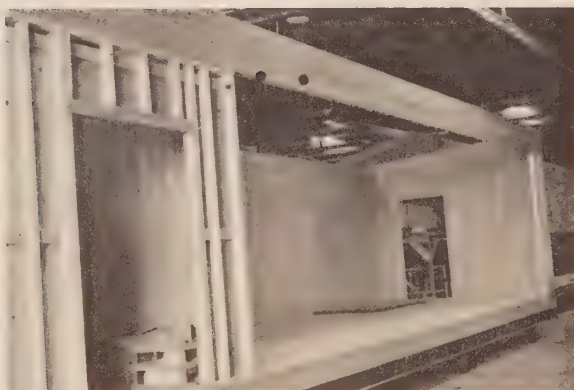
Since the initiation of the program, 41 loans valued at \$32 million have been made to assist Canadian automotive producers to expand their operations and make them more efficient. The loans have been made to a wide variety of parts producers, including small stampers, automotive hardware manufacturers, electrical component producers and makers of a variety of metal parts. Some of these components have never before been manufactured in Canada. More than 3,500 new jobs have been created directly as a consequence of this loan program. Furthermore, a substantial portion of the additional output made available by the Adjustment Assistance loans is being exported, thus helping to reduce the imbalance in the trade in automotive products.

Tariff Remission Program

Many Canadian producers of automotive parts are purchasing substantial quantities of new machinery and equipment to re-equip as quickly as possible in order to meet model changeover schedules and fulfill contract obligations. This urgency to re-equip has resulted in large expenditures on equipment in a relatively short period and substantial new business has been placed with Canadian machinery manufacturers. In some instances, Canadian manufacturers of production machinery are unable to meet all of the needs of the automotive producers. As a consequence, parts producers have found it necessary to import certain equipment.

In order to reduce the costs of Canadian parts makers, and thus improve their ability to compete for North American markets, a program has been initiated by the Department to remit duties on imported production machinery and equipment which are not available from Canadian producers within the time needed to meet production schedules.

This program has assisted parts makers who produce a wide variety of components to improve their ability to compete. Many of these parts manufacturers are supplying not only the domestic markets but are shipping substantial quantities of components to export markets.



"Assembly line" homes, fabricated indoors, can provide the answer to many of Canada's building problems.

BEAM Program

"The changes beginning to take place point to the eventual development of a strong, factory-based industry unaffected by weather conditions."

In response to many requests from various groups in the construction industry, such as manufacturers of building materials, architects, engineers and contractors, the Department of Industry initiated the "BEAM" Program. "BEAM" is a program for increasing productivity and efficiency in the manufacture and use of building equipment, accessories and materials.

The five basic objectives of the program are:

1. The establishment of a construction information system for the collection, storage, retrieval and dissemination of information for manufacturers and users of building equipment, accessories and materials
2. The adoption of standard building measurements, sometimes called modular coordination
3. The greater industrialization of the building process in order to achieve greater efficiency through offsite factory type operations
4. The adoption of more uniform building regulations throughout Canada and the establishment of a means of assessing and approving new materials and techniques
5. The establishment of an awards program to foster improved design in new materials, methods and techniques.

The successful implementation of the program depends on receiving the full support and participation of all levels of government and of persons and organizations directly concerned with the manufacture and use of building materials and equipment. After consultations with representatives of these groups, the conclusion was reached that the fastest and most realistic way of obtaining industry's ideas, support and participation was through the establishment of industry advisory committees to assist and advise the Department of Industry on the various phases of the program.

Three such committees have been formed and are now active. They are:

- The Industry Advisory Committee on Modular Coordination.

- The Industry Advisory Committee on Construction Information Systems.
- The Industry Advisory Committee on Industrialized Building Techniques and Systems.

The membership of these committees includes manufacturers, architects, engineers, teachers, specification writers, contractors, labour leaders and representatives of federal government departments and agencies.

Since the BEAM Program was conceived, considerable progress has been made in defining the needs of industry, initiating action and identifying areas where government and industry can participate to increase efficiency in the construction industry.

Construction Information Systems

An ever increasing amount of information is flooding the industry about new techniques, materials, products, machinery and equipment. This information, much of which is essential to decision making, is not readily available in a sufficiently organized manner to permit the industry to use it effectively. In fact, a great deal of available information on construction materials, products, and systems never reaches the decision maker. The problem is not only one of being informed of the many new improvements in products, techniques and processes, but also of having a knowledge of the many products and materials being withdrawn from the market. Present efforts to catalogue, maintain, and subsequently retrieve information of this kind are not adequate, with the result that productivity and efficiency are suffering through lack of up to date knowledge. The need for a central information source that would provide an efficient service for collecting, organizing and disseminating information related to building is, therefore, being given serious study.

A study has been initiated to determine the precise needs and priorities for construction information in Canada, to identify the possible ways in which a comprehensive and flexible information system could be developed and to enable government and industry to assess the feasibility of establishing such a system. On the recom-

mentation of the Industry Advisory Committee, a firm of business consultants was retained in July of 1967 to undertake this study, which will be completed early in 1968. While this study is in progress the Committee is considering the development of system designs and methods of coding and indexing various information materials as well as ways and means of organizing, financing and managing the information system.

Modular Coordination

(Standard Unit Building Measurement)

Modular coordination or dimensional coordination, are synonymous terms given to the process of standardizing the dimensions of building components so as to reduce the variety of sizes in which components are manufactured and thus facilitate the assembly on the building site. Dimensional standardization based upon the standard four-inch building module has emerged as the most satisfactory coordinating unit of measurement.

The great advantage of modular or standard sized building components is that it makes possible the design of systems of building in which all the materials, components, products and equipment fit together easily and with the minimum of alteration on the site.

With the assistance of the Industry Advisory Committee, a program to encourage the use of modular coordination has been developed and is being implemented. A series of six conferences has been held in various regions of Canada with the objective of emphasizing the cost saving advantages of standard measurement. A team of four experts on various aspects of modular coordination was brought together and invited to present papers at each of the conferences. These experts were Mr. Lennart Bergvall, an architect from Stockholm, Sweden and Chairman of

the International Modular Group; Mr. Colin Davidson, architect and consultant on industrialized building from London, England; Mr. Philip Dunstone, quantity surveyor and computer expert from London, England; and Professor Stanley Kent, architect, Professor of Architecture, University of Toronto and a leading Canadian authority on modular coordination.

The conferences will be followed by a number of clinics on "modular practice" held across Canada with the objective of thoroughly familiarizing architects, engineers, draftsmen, building supervisors and others concerned with the cost savings which can result from the use of standard sized components.

In order to provide a further incentive for the production and use of modular components, the Department will prepare, publish and distribute a directory of modular components currently manufactured in Canada.

Industrialized Building Techniques and Systems

The components and materials for building have traditionally been brought to the site in an unfinished state to be cut, shaped, fitted and finished by craftsmen. The changes beginning to take place point to the eventual development of a strong, factory-based industry unaffected by weather conditions. More and more components will be delivered to the site in a finished or nearly finished condition. This development is generally referred to as the industrialization of building. Canada's climate is such as to make it one of the most logical areas for the adoption of industrialized building techniques. In order to obtain a first-hand knowledge in this field, three technical missions under the sponsorship of the Department visited European countries which have demonstrated leadership in the use of industrialized building techniques and systems. These missions studied industrialized building systems based on prefabricated concrete, masonry, and steel components.

In order to achieve an orderly and systematic development of industrialized building techniques within this country, and so that all sectors of the industry will be aware of its ramifications, it is proposed to convene a National Conference having as its theme "A Systems Approach to Construction".

This conference, which should lay the foundation for greater industrialization in the building process in Canada, will be followed by seminars and lectures for representatives of all sectors of the industry throughout Canada. Leading authorities in the field of industrialized building will participate in these meetings.

Building Codes and Standards

Uniformity in building codes and the development of adequate standards would improve the efficiency and productivity of the construction materials industry by facilitating the introduction of new materials and systems and by making the erection of new buildings more efficient and less costly.

The multiplicity of unco-ordinated codes in municipalities across the country creates confusion and extremely difficult and uneconomic conditions for manufacturers seeking to introduce new materials or systems which are not clearly covered by the existing codes or standards. They must acquaint themselves with the varying requirements of local codes and diversify their operations and products to meet the many variables within these codes or else they must restrict their operations to selected regional markets. Such a condition is a restraint on economic growth, adds to costs, and narrows the market for Canadian building products and materials.

The adoption of industrialized building techniques would be greatly facilitated by the introduction of uniform building regulations, the development of performance standards, and the establishment of a means of assessing new building materials, systems and techniques.

In view of the important influence of codes and standards on productivity and efficiency, steps are being taken to establish a committee to guide a study in this field.



The continued existence of a viable shipbuilding industry in Canada is of primary concern to the Department.

Shipbuilding

"...indications of a trend to increased specialization within the industry and some regrouping of facilities to meet increased competition."

Activity in the Canadian shipbuilding industry continued at a high level. In addition, increased construction of small craft and pleasure boats has reflected growing domestic and export demands.

Commercial shipbuilding has been characterized by a high volume of steel fishing trawler construction and bulk carriers of the largest size capable of operating in the St. Lawrence Seaway. In the construction of steel fishing trawlers, Canadian shipyards have developed a marked competence in building large and sophisticated vessels capable of satisfying the growing demand for off-shore fishing.

Shipbuilding production has continued to be supported by the Department's subsidy program for commercial vessels. During 1967 the rate of subsidy applicable to fishing trawlers was reduced from 50 per cent to 35 per cent. This revised rate more accurately reflects the differential between Canadian and foreign costs. Although the demand for ships has continued at a high level, the effect of the subsidy program has been such that no major ship for Canadian registry has been built outside Canada during the past year.

Changes in legislation were introduced during 1967 to reflect previously announced modifications in shipbuilding assistance arrangements, including the transfer of responsibility for shipbuilding matters from the Canadian Maritime Commission to the Department of Industry. These changes included the repeal of the Canadian Vessel Construction Assistance Act and amendments to the Income Tax Act to accommodate accelerated depreciation, reserve for quadrennial surveys and related matters.

During the past year there have been indications of a trend to increased specialization within the industry and of some regrouping of facilities to meet increased competition. With the support of other programs of the Department, including the Defence Development Sharing Program, the development and production of marine components has been expanded and a corresponding increase in exports achieved.



Industry advisory committees are bringing together industry and government specialists in many fields.

Industry-Government Co-operation

"...the response from the industrial community has been most encouraging."

An essential element in the formulation of programs to improve performance in any of the industry sectors is the development of close working relationships between the representatives of that industry and the relevant line branch of the Department. It is only in this way that all the information required can be gathered and analyzed and the feasibility of proposals can be evaluated in a practical manner.

From its inception, the Department and its individual branches have attempted to establish these relationships and the response from the industrial community has been most encouraging. The following examples highlight this development:

Detailed studies of world requirements for aerospace products, technological trends and the potential for growth of the Canadian industry are continuing in close co-operation with the Canadian aerospace industry. A committee composed of representatives of the Canadian appliance industry and departmental officers has been meeting regularly to develop a joint approach to the ways in which this industry can improve its position. It is noteworthy that the industry presented its "Leadership Award" to the Department for initiating and managing a Design Awards Program.

The Canadian textile industry has been experiencing keen competition from producers in other countries, both in the domestic market and in the export markets. In order to obtain more comprehensive information about the nature of the competition which the Canadian industry faces, a detailed study of its competitive advantages and disadvantages has been undertaken by the Department. The Canadian textile industry has formed an Advisory Committee which is working closely with the Department in the development of this study. In addition, the Textile Advisory Committee is proving to be most valuable as a means for determining the particular needs of the industry and for obtaining its reactions and advice on proposed departmental policies and programs.

The Department is also working closely with the Canadian chemicals industry in undertaking a detailed economic study of this industry. The study is designed to identify the problems and opportunities of each of the sectors of the chemicals industry. Groups comprising representatives from the industry and the Department have been formed and they are now actively engaged in collecting and analyzing information on a wide variety of products, processes and conditions within the industry.

In order to improve the technology in the Canadian food manufacturing and processing industry, a joint Canadian Food Technologists/Department of Industry Committee has been formed to determine the needs of industry for trained food technologists and the plans of Canadian universities to train such personnel.

The Canadian Continuous Steel Casting Group, which is composed of Canadian steel companies which have continuous steel casting facilities or plan to acquire them, has been formed in order to work with the Department for the purpose of improving the productivity and efficiency of the member companies. Departmental representatives meet with this Group on a regular basis to discuss common problems and to exchange technical information with a view to increasing the level of technology within the industry.

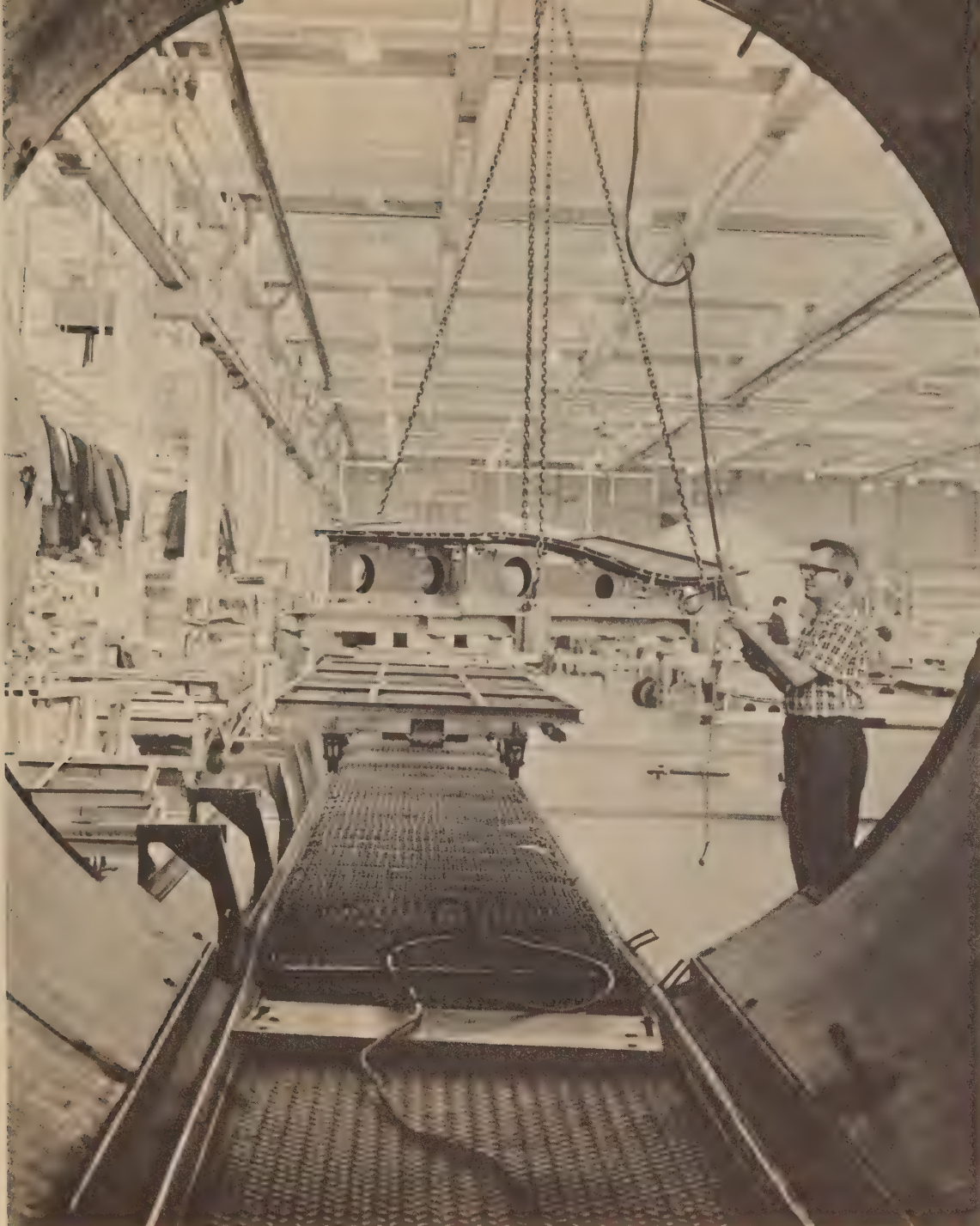
Another example of useful co-operation between the Department and Canadian industry is in the area of the increased utilization of our timber resources, particularly poplar, a plentiful hardwood with good potential for profitable exploitation. Following studies made in co-operation with Canadian users of other hardwoods, the Department co-sponsored seminars on the utilization of poplar in Vancouver, Kelowna and Edmonton, with more planned in other centres across Canada. The increased awareness of the potential of poplar resulting from the seminars has already had concrete results. Many firms have announced intentions to increase the utilization of poplar in their operations.

Technical Missions

The Department has continued its program of sponsoring technical missions composed of representatives of individual Canadian industries. The purpose of these missions is to bring to the attention of the Canadian industry the latest technical advances being made abroad in order that these may be assessed for possible adoption in Canada.

After a mission has returned to Canada, a report is prepared and a series of seminars is usually organized in order that those who participated in the mission can inform others in the industry of what they saw and of the potential for these new techniques in Canada.

In addition to the three technical missions related to the BEAM Program which are covered elsewhere in this Review, the Department organized two other technical missions during the year. In April 1967 senior executives of the Canadian powder metallurgy industry participated in a technical mission to England, France, Sweden and Italy. In September 1967 representatives of Canada's magnesium manufacturing industry visited seven plants in the State of Michigan.



C-5A Lockheed transport aircraft component is fed into autoclave bonding unit.

Industry Modernization for Defence Exports

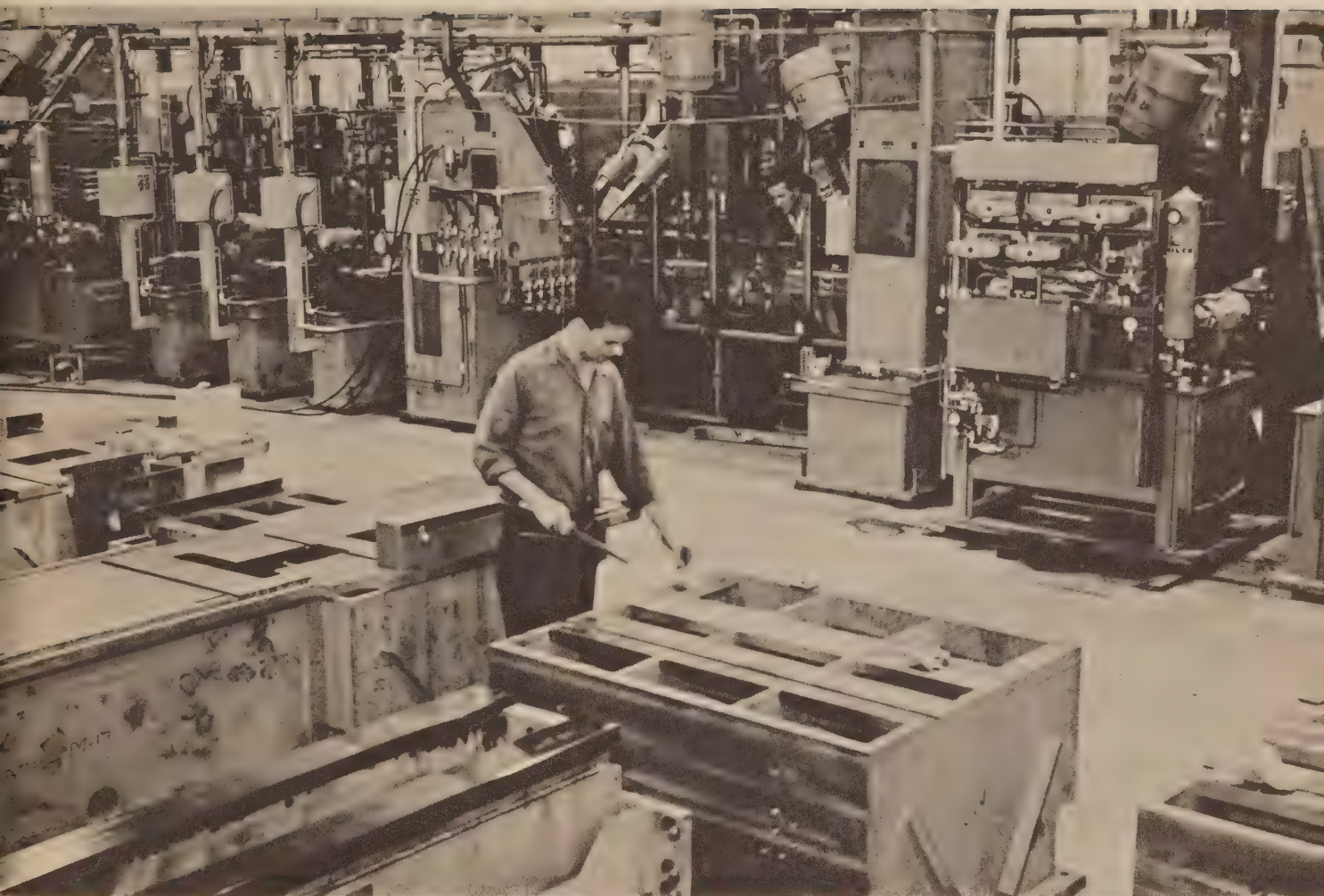
"...the Canadian defence industry must keep pace with advances in manufacturing technology dictated by the requirements of modern military equipment."

The Industry Modernization for Defence Exports Program was established in 1963 to support the defence production sharing arrangements between Canada and her NATO allies and also to assist in maintaining an adequate defence production base for Canadian requirements. In order to compete for and participate in the production programs of other NATO countries, the Canadian defence industry must keep pace with advances in manufacturing technology dictated by the requirements of modern military equipment. In April 1967, the program was transferred from the Department of Defence Production to the Department of Industry.

The program is designed to encourage and assist Canadian companies to acquire modern machine tools and other manufacturing capital equipment necessary to meet exacting military standards and international competitive production prices. Under the program, assistance may also be given to industry in carrying out initial pre-production engineering and tooling of new products designed in Canada for international markets. Costs of selected new

machinery acquisitions and pre-production programs are shared by the Department and the Canadian companies concerned. A total of some 115 projects are currently being supported and involved expenditures by the Department in 1967 of about \$12 million in grants and a similar amount in repayable loans.

Projects are selected for assistance on the basis that the machinery acquired will make a significant contribution to increased productivity. This generally means that the machinery is the most advanced of its type, such as numerically controlled metal working equipment. In many respects, defence manufacturing has dictated the development of advanced high production machines and the incentive to Canadian industry to introduce such equipment imparted by this program is giving impetus to successful applications in the civil sector.



The Department's programs are playing an important part in the upgrading of Canadian manufacturing facilities.

Canadian Manufacturing Industry in 1967

"As a result of a high level of employment and continuing wage and salary increases, consumers provided the strongest domestic stimulus to goods production in 1967."

In 1967, activity in the Canadian manufacturing industry changed little from the level reached in the second half of the previous year.

After the rapid expansion of output in 1965 and the early part of 1966, production and shipments levelled out in the latter half of 1966. This slowdown in the rate of growth continued into 1967. Even with a modest improvement in the rate of manufacturing production during the third quarter, total manufacturing output in the first nine months of 1967 was only one per cent higher in volume terms than in the corresponding period of the previous year. This was in contrast with the 7½ per cent increase in volume of manufacturing production for 1966. As a consequence of this slowdown in the rate of advance there was in total no pressure on production facilities and little evidence of any material and manpower bottlenecks, which were very prevalent in 1965 and in the earlier months of 1966.

Performance Figures

Output in the non-durable goods industries, being closely associated with the growth in population and in personal income, showed the best performance. On the other hand, in contrast to the previous year, many durable goods industries showed little gain in output in 1967 while others experienced cutbacks in production. For example, on the basis of nine months' statistics, output in the primary iron and steel industry was six per cent below that of the corresponding period of 1966. Motor vehicle production was 2.7 per cent greater, whereas in 1965 and 1966 this industry had shown production advances of 13.6 and 8.6 per cent in the first nine months.

During the third quarter, production in a number of durable goods industries strengthened somewhat and these gains tended to offset earlier declines so that durable goods production in total for the first nine months was approximately the same as in the corresponding period of the previous year.

With the levelling off in overall manufacturing activity, the employment situation in Canadian secondary industry was not as buoyant as in 1966. In the first half of the year the seasonal increase in employment was well below that of previous years. Consequently, on average for the first nine months of 1967, the number of persons employed in manufacturing was only one per cent greater, whereas in the previous year manufacturing employment rose on average over five per cent.

The slowdown in manufacturing expansion in 1967 reflected the fall-off in the rate of growth of aggregate demand for manufactured products. At home, capital spending by business on new machinery and equipment, which had been a major element of expansion from 1964 to 1966, tended to level out on the high plateau reached at the end of the previous year. Activity in the construction industry remained below the record levels attained in 1966 despite a pick-up in housing starts. As a result, business spending on fixed capital in the first nine months was practically unchanged from the first three quarters of 1966. This slowdown in capital investment had an adverse effect on output in a number of important durable products industries, especially the iron and steel and the non-metallic products industries.

Inventories Adjusted

Also during the first half of 1967, a sharp reduction in the rate of business inventory accumulation, resulting from moderating demand and rising inventory-sales ratios, had a significant influence on the rate of manufacturing output. In 1966 non-farm business inventories had increased by \$832 million. By mid-1967 the annual rate of accumulation had dropped to \$132 million. This adjustment in inventory position, which took place at all levels of trade as well as in the producing sector, had a direct bearing on the rate of output throughout secondary industry. By the third quarter, the trend of a diminishing rate of accumulation gave way to a substantially higher rate of inventory buildup. In part, however, this increase in accumulation was related to automobiles, possibly in anticipation of strikes in the United States and the resultant shutdowns in Canada.

As a result of a high level of employment and continuing wage and salaries increases, consumers provided the strongest domestic stimulus to goods production in 1967. In the first nine months, personal expenditure on goods was nine per cent greater than in the corresponding period of 1966. This rate of increase was as great as that of the previous year. However, about one quarter of this increase in consumer spending was accounted for by higher prices. Personal spending on non-durable goods on a nine-month year-to-year comparison rose almost 10 per cent in value terms. As in 1966, durable goods spending did not keep pace with that on non-durables, increasing only 5.8 per cent. This rate of increase was, however, stronger than that of 1966 as a result of a 4½ per cent increase in expenditure on automobiles, compared with no change in such purchasing in the previous year. On the other hand, the rate of increase in expenditure on household durables was down from that of 1966. In part the decline in housing completions tended to have a depressing effect upon the sales of furniture, electrical goods and various types of household furnishings.

Exports Increase

On the external side, despite slower rates of growth in a number of Canada's external market areas, the exports of Canadian manufactured goods in total showed a gain as great as in the previous year. Export shipments of Canadian manufactured products, i.e. fabricated materials and end products, were about 20 per cent greater in the first nine months of 1967 compared with the corresponding period of 1966, with end products exports being up 54 per cent. To a considerable extent, however, this large advance in manufactured exports was the result of increasing implementation of the Canada-United States Automotive Agreement. With the increasing specialization in Canadian and United States plants, further significant increases in both exports and imports of automotive products took place between the two countries in 1967. In the first nine months the exports of Canadian automotive products amounted to over \$1,200 million, almost twice the

value of such exports in the corresponding period of 1966. Although the greater shipments of automotive products were the dominating feature of Canada's export of manufactured goods, other categories of finished product exports also continued to increase. In particular the exports of aircraft and aircraft parts showed a significant rise, while electronic equipment and most types of industrial machinery continued to build up on the export gains achieved in the previous year.

In contrast to the buoyancy of end products shipments, the exports of fabricated materials in the first nine months of 1967 were only three per cent greater than in the corresponding period of 1966 with lower exports of newsprint and primary iron and steel and only minor increases in such commodities as fertilizers, chemical products and various non-ferrous metals.

Imports of manufactured goods also continued to increase in 1967 at about the same rate as in the previous year. In the first eight months, imports of fabricated materials and inedible end products were 20 per cent greater than in the comparable period of 1966. While the rate of growth in fabricated material imports slackened, the inflow of finished products continued to strengthen. Even though capital spending on new machinery and equipment tapered off, imports of industrial machinery continued to increase and amounted to \$1.1 billion for the first eight months. The rate of increase in such imports during this period was, however, only about one third of that of the previous year. On the other hand, the relative increases in imports of personal and household goods such as television and radio sets, furniture, clothing and house furnishings were greater than in the corresponding period of 1966. As mentioned above, the further rationalization of Canadian-United States automobile production also resulted in greater automotive imports. However, on the basis of eight months' figures, a further improvement took place in Canada's trade deficit in this particular commodity area, since Canadian exports of automobiles and parts rose at a faster rate than imports.

Levels Maintained

While, in total, Canadian manufacturing industries continued at a reasonably high level of activity in 1967, less buoyant overall demand, rising cost pressures and various international competitive factors intensified the difficulties which a number of Canada's major manufacturing industries began to encounter toward the end of 1966. Excess capacity on a world-wide basis appeared in the iron and steel industry and this, combined with a slackening in the domestic demand for certain types of steel, created problems for some Canadian producers. In total, Canadian output of primary iron and steel was six per cent lower during the first three quarters of 1967 than a year earlier, while the imports of several important types of steel products increased.

The growth in the output of low-wage countries resulted in more intense price competition in a number of sectors of the clothing and textile industries. At the same time the development of excess world capacity for the production of certain man-made fibres and yarns led to greater world price competition and a reduction in Canada's export markets for these products. In the pulp and paper field also, the opening of new plants for pulp and paper production in North America tended toward the creation of excess capacity. Output changed little for the industry as a whole, but operating rates as a percentage of capacity dropped substantially for pulp and newsprint.

As far as prices and costs were concerned, a paradoxical situation existed in manufacturing in 1967 where prices and costs continued to advance while the rate of increase in overall demand slackened off. Wages and salaries in particular continued to accelerate. Average hourly earnings in the first nine months were about seven per cent higher than in the corresponding period of

1966. These increases in wages were not accompanied by corresponding advances in productivity, so that labour costs per unit of output rose substantially. From a competition standpoint this discrepancy in the rate of growth in costs and output is sufficiently important to note, despite the fact that productivity increases are primarily long-run in character. Based on nine months' figures, productivity increased only marginally from the corresponding period of 1966. The slow productivity advance in the first half of 1967 resulted in part from the strains and pressures that the boom conditions of 1965 and 1966 created within Canada manufacturing. Furthermore, in the first part of 1967, Canadian industry in general had not adjusted to the changing demand situation and to altered production schedules.

Pressures Felt

With productivity lagging, further pressure was put on profit margins in Canadian manufacturing in 1967. Although the prices of industrial materials declined, this was not sufficient to offset the increase in labour and other costs. As a result, despite an upward trend in industry selling prices, the level of profits in Canadian manufacturing declined.

The advance in industry selling prices at an annual rate of about three per cent during the first nine months of 1967 was slightly greater than the increase in the corresponding period of 1966. Price increases were widespread throughout manufacturing, even occurring in some industries which experienced a fall-off in production. While there were small price declines in some commodity areas such as meat and fish products, leather products and textiles, they did little to offset the increases which pervaded most industries.

ORGANIZATION

During the past year the Department established its own financial, personnel and other administrative services, which heretofore had been provided by the Department of Defence Production. The accelerating activities related to existing programs, combined with the introduction of the Machinery Program and the General Adjustment Assistance Program, made it necessary for the Department to establish its own support services.

Five branches were established: Information and Promotion; Program Analysis and Administration; Personnel; Financial Services; and Professional and Technical Services. Many of the personnel required to staff these branches were transferred from those branches in the Department of Defence Production which had previously been providing these services to the Department of Industry.

DIRECTORY OF PERSONNEL

MINISTER

The Honourable C. M. Drury, P.C., C.B.E., D.S.O., Q.C., M.P. ...
Parliamentary Secretary D. S. MacDonald
Executive Assistant T. Porteous
Special Assistant A. de Lobe Panet

DEPUTY MINISTER'S OFFICE

Deputy Minister S. S. Reisman
Assistant Deputy Minister B. G. Barrow
Assistant Deputy Minister D. B. Mundy
Head, Financial & Administrative Services A. R. Bailey
Executive Assistant to the Deputy Minister G. A. Berger

PROGRAM ADVISORY GROUP

Industrial Research Adviser J. L. Orr
Deputy Industrial Research Adviser R. K. Brown
Deputy Industrial Research Adviser H. C. Douglas
Economic Adviser A. S. Abell
Industrial Policy Adviser H. H. Wright
Design Adviser E. P. Weiss
Deputy Design Adviser J. H. Swann

AREA DEVELOPMENT

Commissioner W. J. Lavigne
Deputy Commissioner J. A. Teeter

INDUSTRY BRANCHES

Director, Aerospace Branch G. T. Rayner
Director, Apparel & Textiles Branch A. M. Guerin
Acting Director, Chemicals Branch J. J. Tennier
Acting Director, Electrical & Electronics Branch E. A. McIntyre
Director, Food Products Branch A. H. Mathieu
Director, Machinery Branch J. J. McKennirey
Acting Deputy Director J. C. Stavert
Director, Materials Branch R. D. Hindson
Deputy Director H. R. Pinault
Acting Director, Mechanical Transport Branch C. D. Arthur
Director, Marine & Rail Branch J. C. Rutledge
Director, Wood Products Branch K. O. Roos
Deputy Director P. L. MacDougall

FINANCIAL & ADMINISTRATIVE BRANCHES

Director, Personnel Branch H. R. Kotlarsky
Director, Professional & Technical Services V. J. Walton

STATEMENTS OF EXPENDITURES AND REVENUE

The Comptroller's Branch of the Department of Defence Production provided a complete accounting service for the Department of Industry, and from the accounting records has prepared Statements of Expenditures and of Revenue with respect to the year ended March 31, 1967, as follows:

STATEMENT OF EXPENDITURES

Vote 1 — Departmental Administration

Salaries including Casuals and overtime	\$ 4,829,006
Living Allowance	16,010
Professional and Special Services	273,045
Travelling	358,568
Freight, Express and Cartage	8,016
Postage	6,282
Telephones and Telegrams	113,301
Publications	107,962
Advertising, Displays, etc.	301,201
Office Stationery and Equipment	201,503
Materials and Supplies	350
Grants	40,230
Industrial Missions and Sundry	51,359
	<u>\$ 6,306,833</u>

Vote 5 — To sustain Technological Capability in Canadian Industry \$22,626,181

Vote 10 — Program for Advancement of Industrial Technology \$ 4,596,100

Vote L35 — Loans to assist Manufacturers of Automotive Products in Canada \$12,839,494

Statutory — Minister of Industry

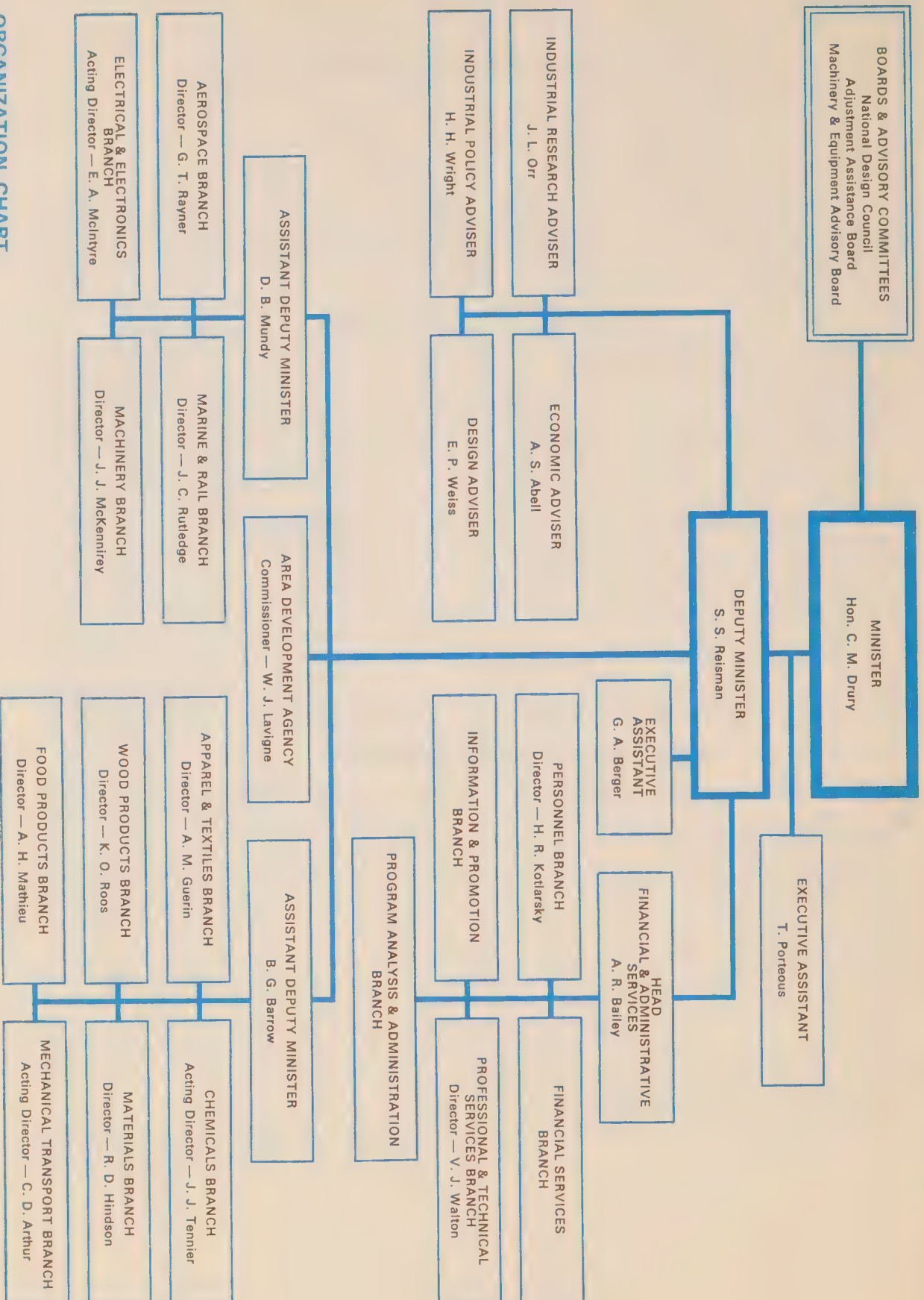
Salary	\$ 15,000
Motor Car Allowance	2,000
	<u>\$ 17,000</u>

Area Development Grants \$ 1,151,759

Total Expenditures \$47,537,367

STATEMENT OF REVENUE

Interest received on Loans to assist Manufacturers of Automotive Products ..	\$ 284,669
Proceeds from Sales — tags, labels, etc.	4,464
Refunds of prior years' expenditure	3,795
Miscellaneous — Royalties re Otter Aircraft	56,155
	<u>\$ 349,083</u>



ORGANIZATION CHART

CAITI
-A57



Canada

DEPARTMENT OF INDUSTRY

ANNUAL REPORT

APRIL 1, 1967 — MARCH 31, 1968



CABINET 257

OFFICE OF
MINISTER OF INDUSTRY



CABINET DU
MINISTRE DE L'INDUSTRIE

Ottawa, January 31, 1969

His Excellency, the Right Honourable Roland Michener, C.C.,
Governor-General of Canada.

May it please your Excellency:

I have the honour to submit to your
Excellency the report of the Department of Industry
covering the period April 1, 1967 to March 31, 1968.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Jean-Luc Pepin'.

Jean-Luc Pepin.

DEPUTY MINISTER
OF
INDUSTRY



SOUS-MINISTRE
DE
L'INDUSTRIE

Ottawa, January 31, 1969

The Honourable Jean-Luc Pepin,
Minister of Industry,
Ottawa, Canada.

Dear Sir:

The year 1968 was an important one for the Department of Industry. New programs were formulated and implemented and a review of existing activities brought about a number of significant revisions. The purpose of all these program activities was to help improve the productivity and competitive position of Canada's manufacturing industries.

Although the following pages constitute a report of the Department's activities in the period from April 1, 1967 to March 31, 1968, they refer where appropriate, to more recent developments.

On July 12, 1968 the Prime Minister announced the intention of the government to merge the Department of Industry and the Department of Trade and Commerce in a new combined Department of Industry, Trade and Commerce. The merger became effective on March 31, 1969, when Royal Assent was given to the Government Organization Act, 1969.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "J. H. Warren".
J. H. Warren.

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I N T R O D U C T I O N

The level of activity in Canadian industry continued to expand during 1968. Output of manufactured goods advanced by some four per cent and a broader range of fully manufactured products was sold abroad, contributing substantially to Canada's favourable export performance.

It is not yet possible to assess the results of the Kennedy Round since most of the tariff reductions in Canada and other countries are being implemented over a five-year period. The results so far have been encouraging and it appears that Canadian manufacturers are exploiting the new opportunities opening to them in foreign markets. The changes in the Canadian tariff have for the most part not had any significant adverse impact on Canadian industry.

Two new programs implemented by the Department during 1968 were directly related to the Kennedy Round. The Machinery Program which came into effect on January 1, permits the remission of duty on imports of machinery not available in Canada and has assisted many Canadian manufacturers to improve their competitive position in the new world trading environment. Despite the large volume of applications and their complexity, the program has been working to the satisfaction of both the users and the manufacturers of machinery. There has been no recourse to the appeal provision incorporated in the program during its first year of operation.

The General Adjustment Assistance Program is another measure which was introduced following the completion of the Kennedy Round. The Board administering the program was set up in May. Practically all the inquiries and applications received have related to new export opportunities, rather than to the adverse effect of the reductions in the Canadian tariff.

Much of the growth in output and exports during 1968 is attributable to a high level of activity in the automotive industry. Under the stimulus of the Automotive Program, the industry reached a new milestone in its history. For the first time, more than one million vehicles were manufactured in Canada, while automotive exports exceeded \$2 billion. As provided in the Canada-United States Automotive Agreement, its results over the first three years were reviewed by the two governments. Both sides agreed that considerable progress has been made towards the objectives of the Agreement, and indicated an interest in exploring ways of broadening the Agreement to their mutual benefit. Discussions to this end will be continued.

The impressive performance in the automotive industry also reflected the results of the financing available under the Automotive Adjustment Assistance Program. This program was scheduled to terminate during 1968, but as the process of adjustment in the automotive industry has not as yet been completed, it has been extended to June 30, 1970.

A new program, known as the Pharmaceutical Industry Development Assistance (PIDA) was introduced during 1968. Its objective is to enable drug manufacturers to reorganize their operations and to improve the competitive supply of prescription drugs.

While the formulation and implementation of new programs has been a significant aspect of the Department's activities during 1968, much effort has also been devoted to the administration of on-going programs.

The Department continued to devote special attention to the role of science, technology and design in the attainment of its objectives of raising the level of productivity and improving the competitive position of Canadian industry. During the first year of the Industrial Research and Development Incentives Act, which came into effect in March 1967, more than 100 grants valued in excess of \$2 million were authorized. Throughout the year, the Department also continued to provide financial assistance to industry for specific research and development projects under the Defence Development Sharing Program and the Program for the Advancement of Industrial Technology.

Significant progress was made in the development of the program for increased productivity and efficiency in the manufacture and use of building equipment, accessories and materials (BEAM). Highlight of this activity was the National

Conference on "A Systems Approach to Building", sponsored by the Department.

The Department of Industry interprets its general mandate to include bringing to bear sound analysis and informed judgments about the needs and interests of Canadian secondary industry in the formulation and operation of policies and programs which are the responsibility of other Government departments and agencies or in which responsibility is shared with them. In this regard, during the past year the Department continued to make important contributions in such new Government activities as studies of commercial satellite development, the retrieval and dissemination of scientific information, as well as the formulation of a proposal for the establishment of a Standards Council of Canada.

Mention should also be made of the Department's continuing interest and attention to the more traditional policy areas including taxation, trade and tariffs, anti-dumping legislation, restrictive trade practices, manpower planning, transportation, energy and the financing of Canadian industry.

The Department of Industry in fulfilment of the mandate given to it by Parliament has instituted a comprehensive array of programs and services to assist in the efficient development of Canadian secondary industry. During the period under review, it continued to improve and develop its assistance and services.

GENERAL ADJUSTMENT ASSISTANCE PROGRAM

The General Adjustment Assistance Program is designed to provide a practical and flexible means of assisting manufacturers in Canada to adapt profitably to changes in the world trading environment brought about by the Kennedy Round. Its main aim is to help manufacturers to take advantage of export opportunities arising from the Kennedy Round. It was also created to help manufacturers to improve their competitive position in cases where they may have been seriously injured or could be threatened with serious injury as a result of Kennedy Round reductions in the Canadian tariff.

It was considered that in this new environment industry should have an incentive to derive as much benefit as possible from widening markets and increasing scope for greater specialization and longer production runs; and that assistance should be available to firms adversely affected to help them adapt to more competitive conditions.

Three forms of assistance are available under this program:

1. The principal form is Government insurance against the risk of loss on loans made by private lenders. These loans are to be used to finance viable restructuring projects undertaken by manufacturers who have export opportunities as a result of the Kennedy Round Agreements or who have been seriously injured or are threatened with serious injury as a result of increases in imports attributable to tariff cuts made by Canada under these Agreements.

Assistance will be provided only if the required financing for restructuring proposals is not available on reasonable terms and conditions without insurance.

2. Direct Government loans may be made in special circumstances to manufacturers with sound restructuring projects but who are unable to obtain an insured loan, and who have been seriously injured or are threatened with serious injury as a result of the Kennedy Round.

It is expected that few firms will experience these conditions and that limited use will be made of this feature of the Program.

3. Grants may be made to manufacturers who have applied for assistance and require the services of qualified consultants to develop effective adjustment proposals. The costs of the consulting assistance must be a significant burden on the resources of the applicants and up to 50 per cent of the total costs of approved consultants' studies may be paid by the Government.

Administration

The Program is administered by a General Adjustment Assistance Board on which both private industry and Government are represented. The Chairman of the Board and two other members are drawn from private industry while the other members represent each of the Departments of Industry, Finance, Trade and Commerce, and Manpower and Immigration. The Board uses the staff and facilities of the Departments of Industry and of Trade and Commerce. A Program Office co-ordinates activities under the Program and serves as a Secretariat to the Board.

Officers of the Department of Industry with specialized knowledge of the various sectors of manufacturing industry will, if requested, advise and assist manufacturers in the formulation of specific adjustment proposals and in the preparation of applications for assistance under the Program. Where export considerations are involved, officers of the Department of Trade and Commerce are available for advice and assistance.

In addition, the federal Department of Manpower and Immigration, in co-operation with provincial authorities, will arrange for the retraining of workers when necessary or will explore opportunities for other employment, temporary or permanent, as required.

Parliament provided authority to the Board for the implementation of the insurance of loans by private lenders in the Supplementary Estimates for 1967/68. The Main Estimates approved by Parliament for 1968/69 included appropriations to enable the Board to authorize loans and consulting assistance grants.

In May 1968, H.A. Hampson, President of Capital Management Limited, was appointed Chairman of the Board. Mr. Hampson has had extensive experience in industry, finance and government. Paul A. Ouimet, Q.C., Legal Adviser of the Iron Ore Company of Canada, and D.N. Kendall, President of Kenting Limited, have accepted appointments. In accordance with the Board's recommendation and request, Mr. Kendall agreed to act

as Vice-Chairman. Both Mr. Ouimet and Mr. Kendall bring to the operations of the Program a broad knowledge in financing activities and of industry.

By December 1968, 45 applications were being processed. It is estimated that in 1969 the Board will authorize insurance for loans totalling about \$20 million and consulting assistance to cost approximately \$1 million. Direct loans may amount to \$4 million.

MACHINERY PROGRAM

A major element in the Department's efforts to promote the efficient expansion of Canadian secondary industry is the Machinery Program, which came into effect January 1, 1968. This Program has two purposes: the first is to encourage improved efficiency by enabling Canadian industry to acquire capital equipment at the lowest possible cost. The second purpose is to enable the Canadian machinery industry to derive maximum incentive and encouragement from the tariff which applies to the products it manufactures. Its basic elements are:

1. Statutory rates of duty of 15 per cent Most Favoured Nation and $2\frac{1}{2}$ per cent British Preferential, under a single tariff item (42700-1), covering the bulk of machinery imported by Canadian manufacturing and service industries.
2. Provision for remission of duty by the Governor-in-Council on the recommendation of the Minister of Industry when such machinery is not available from production in Canada and the remission is in the public interest.

The rate of 15 per cent M.F.N. provides a reasonable measure of tariff protection for the industry, having regard to machinery tariff rates of other industrial countries following the Kennedy Round.

The new statutory tariff rate now applies to imports as soon as Canadian manufacturers are in a position to supply them, whereas under previous tariff provisions, a Canadian-made machine was not entitled to "made in Canada" status and the

related level of protection until such machines accounted for 10 per cent of domestic consumption in their class. This is of particular importance to Canadian producers of custom engineered machines. Previously, the usefulness of the "made in Canada" provision for custom-made products was limited because of the difficulty of demonstrating that domestic firms supplied 10 per cent of Canadian consumption.

During the first twelve months of the Program's operation, 19,432 applications for remission of duty were received. The procedures for dealing with these applications enabled most importers to obtain notices of remission before actual importations took place, and uncertainty as to the application of duty was minimized throughout this period. There have been no formal appeals in respect of the disposition of these applications. Based on this experience, the Machinery Program's practical approach to determining availability of machinery from domestic production appears to have been broadly satisfactory both to Canadian machinery builders and to users.

Imports under the program were approximately \$735 million for the first year. Total remission of duty under the program in 1968 amounted to approximately \$60 million.

Administration of the Machinery Program involves continuous discussions with machinery manufacturers regarding their capacity to meet machinery users' requirements. As a

result, the industry is able to identify new opportunities for product development. Each year, a complete review of the results of the Machinery Program will be published which will provide industry with valuable information on the Canadian market. This information will assist the industry in its development and, in particular, in identifying areas for greater specialization and for increased exports.

SCIENCE AND TECHNOLOGY

During the period under review, the Department continued to devote special attention to the role of science and technology in the attainment of its objectives of raising the level of productivity and improving the competitive position of Canadian manufacturing industry. Programs to encourage and assist scientific research and development and the use of modern technology in Canadian industry constituted a major activity of the Department.

Industrial Research and Development Incentives Act

On March 10, 1967, the Industrial Research and Development Incentives Act came into force. This Act provides general incentives to industry for the expansion of scientific research and development in Canada. It replaces the special incentive for scientific research introduced in 1962 under Section 72A of the Income Tax Act which expired in 1966.

The new Act is administered by the Department of Industry and incorporates several features designed to make the incentive more widely available and more effective than the previous tax incentive.

Under the Industrial Research and Development Incentives Act, Canadian corporations are entitled to apply to the Department for a cash grant or for a credit against their federal income tax liabilities amounting to 25 per cent of:

- all their capital expenditures (for the acquisition of new property other than land) for scientific research and development in Canada; and

- the increase in their current expenditures in Canada for scientific research and development over the average of such expenditures in the preceding five years.

To qualify for a grant, expenditures must be for scientific research and development carried on by a corporation for the purpose of strengthening or extending its business operations in Canada. Corporations must therefore undertake to exploit the results of their research and development work in Canada unless, in accord with sound business judgment, it would be uneconomic to do so. Furthermore, corporations must normally be free to market products resulting from their research and development to all countries of the world.

Grants made under the Act are not subject to federal income tax and are in addition to the normal 100 per cent deduction of all expenditures for scientific research under the Income Tax Act. To a corporation in the 50 per cent tax bracket, the net cost of all new capital facilities for research and development and for all increases in current expenditures on research and development is effectively reduced to 25 cents on the dollar.

As of March 31, 1968, 106 grants totalling \$2,317,350 had been authorized. Reflecting more recent operations, 783 applications for grants representing \$180 million in eligible research and development expenditures by industry, and \$45 million in potential grants, had been received as of December 31, 1968 and grants totalling \$13,662,581 in respect of 363 applications had been paid.

Industrial Research Institutes

In January 1967, a program was introduced by the Department to assist Canadian universities in establishing and administering industrial research institutes. The basic aim of this program is to establish a framework within which universities can undertake contract research on behalf of industry, drawing on the staff and facilities of the university. During 1968, grants totalling about \$475,000 were approved for the formation of institutes at the University of Windsor, McMaster University, University of Waterloo and Nova Scotia Technical College.

To qualify for assistance under the program, an industrial research institute must be wholly owned by a Canadian university. The contribution of the Department is in the form of a grant to cover the cost of administering the institute during the initial years of operation. Industrial customers are expected to bear all direct costs of research conducted by an institute in their behalf.

The Department has maintained close contact with the four institutes which have been established. Contract research is now underway at a modest level and there are gratifying indications of growth as the services of the institutes become better known and better understood.

Discussions are continuing with a number of other Canadian universities which are considering the establishment

of industrial research institutes. It is expected that these discussions will lead to the establishment of similar institutes, thus providing an even broader contribution of scientific services available to those firms which cannot afford to maintain and staff their own research facilities.

Assistance for Specific Projects

Throughout the year the Department continued to provide financial assistance to industry for specific research and development projects under the Defence Development Sharing Program (see page 20) and the Program for the Advancement of Industrial Technology. The objective of these programs is to encourage and assist Canadian industry to engage in scientific research and development by sharing with industrial firms the cost of specific research and development projects proposed and undertaken by them.

Program for the Advancement of Industrial Technology

The Program for the Advancement of Industrial Technology was established by the Department in 1965, and is the civil counterpart of the Defence Industry Productivity Program. This Program seeks to promote the growth and productivity of efficient and competitive manufacturing and processing industries in Canada by the application of science and technology to the development of new or improved products and processes for commercial markets at home and abroad.

Under the program, the Department provides financial assistance to industrial firms for specific development projects proposed and undertaken by them which, if successful, offer good prospects for commercial exploitation. Priority is given to the development of products and processes which increase productivity or otherwise contribute directly to economic growth. Wherever possible, advantage is taken of Canada's natural resources, skills and environment to establish a unique capability or technical leadership.

Projects which have been supported under the program include the development of water bomber aircraft, satellite communications equipment, electromagnetic prospecting equipment, flight safety devices, advanced machinery and machine tools, techniques for the transportation of solids by pipeline, wood harvesting equipment, data display devices and air pollution monitoring instruments.

Sixty-one new development projects, estimated to cost in total about \$12 million, were approved in 1968, bringing the total number of projects supported under the program since its inception to 161, valued at \$45 million. Twenty-one projects have been successfully completed and the results put into commercial use. Benefits in terms of sales resulting from these completed projects over the first five years are estimated at \$92 million. Over one-half of the sales are expected to be for export.

Industrial Standards

In recognition of the importance to the well-being of the country of sound engineering in commodity standards, the Department participated with other government departments and the Canadian Standards Association in the development of proposals to establish a new organization for standardization in Canada. Such a body would embrace all Canadian interests - Government, industry and consumer - and would make full use of existing standards-setting and enforcement agencies. It is proposed that the new organization should consist of a council to be known as The Standards Council of Canada, a supporting secretariat, and accredited standards formulating, testing and enforcement agencies.

The proposed Council would be responsible for over-all policy and co-ordination of standardization activities in Canada at the national level and for Canadian participation in international standardization activities. It would provide for organizations concerned with voluntary standardization to co-operate in recognizing, establishing and improving standards in Canada with the object of fostering and promoting a dynamic voluntary standardization activity in Canada as a means of advancing the national economy; benefiting public safety, health and welfare; facilitating domestic and international trade and furthering international co-operation in standards.

The proposal was considered at a Federal-Provincial Conference convened at Ottawa in February 1968. It was the consensus of the conference that a Standards Council of Canada should be established to promote and co-ordinate standardization activities in Canada and Canadian participation in international standardization activities. The Department is currently consulting with standards organizations, with industry, and with trade and consumer associations to obtain their comments and advice on this proposal preparatory to the drafting of legislation to establish a Standards Council of Canada.

Scientific and Technical Studies

A number of scientific and technical studies were undertaken during the year, both to support departmental activities and to provide advice and assistance to other agencies on scientific and technical matters affecting Canadian industry.

The Department continued to play a major role in the Study of Scientific and Technical Information in Canada, sponsored by the Science Secretariat, and in the Study of Transportation Research, sponsored by the Science Council of Canada. The Department also provided advice to the Science Council of Canada on the Formulation of a Science Policy for Canada and on its Study of Aeronautical Research and Development in Canada.

Following its earlier studies of industrial resources in the field of satellite communications, the Department actively participated in the task force established by the Government to develop plans for establishing a Canadian Domestic Satellite Communications System. Contracts were let by the Department to two Canadian companies for studies respecting the design, development and supply of a Domestic Satellite Communications System.

DEFENCE INDUSTRY PRODUCTIVITY PROGRAM

The Defence Industry Productivity Program combines the former Industry Modernization for Defence Exports Program and the Defence Development Sharing Program.

The program is designed to enhance the technological competence of the Canadian defence industry in its export activities by providing financial assistance to industrial firms for selected projects. Assistance may cover the development of products for both military and para-military export purposes; the acquisition of modern machine tools and other advanced manufacturing equipment to meet exacting military standards; and assistance with pre-production expenses to establish manufacturing sources in Canada for military or para-military export markets.

In order to compete for, and participate in, the development and production programs of other NATO countries, Canadian defence industry must keep pace with product development and advances in manufacturing technology dictated by the requirements of modern military equipment.

Projects initiated under this program have played a major role in helping industry to develop its skills on a specialized basis in fields of technology which have defence and often civil applications and which Canada is favourably situated to exploit. Costs of these projects are shared by the Department and the Canadian firm concerned and, in some

instances, by the governments of other NATO countries. Among the projects that have received assistance are communications and aircraft navigation systems, gas turbine engines for aircraft, flight safety and simulation equipment, and information display facilities. Exports of the products of these developments continue to increase, including significant orders for such diverse applications as commercial airlines, public communication networks and television distribution systems.

Manufacturing equipment projects are selected for assistance on the basis that the machinery acquired will make a significant contribution to increased productivity. Generally this means that the machinery is the most advanced of its type, such as numerically-controlled metal working equipment. In many respects, defence manufacturing has dictated the development of advanced high production machines and the incentive to Canadian industry to introduce such equipment provided by this program is giving impetus to successful applications in the civil sector.

The Department is currently spending about \$32 million annually under this program to support 142 projects.

Since the start of this program (i.e. the previous individual programs making up the new combined program) 165 projects involving an expenditure of \$148 million have been supported. Of the projects supported, some 120 have been

completed and government contributions have amounted to \$99 million. The value of sales to date resulting from these projects is \$995 million.

INDUSTRIAL DESIGN

In 1967-68 the program of the National Design Council and the Department of Industry was directed to achieving three main goals: the promotion of the results of specific projects initiated in connection with Canada's centennial celebrations and Expo '67; the further development of the continuing activities of the Design Canada Program; and consideration of areas of Canadian industry and the economy to which new projects could be most profitably directed.

Canada Design '67

This program brought forward several hundred well-designed products and new design concepts suitable for building environments and for sale as giftware in support of Canada's tourist trade. These items received extensive promotion in Canada through exhibits, catalogues and other media and, in the latter part of the year, special emphasis was placed on the export promotion of these items through the trade promotional activities of the Department of Trade and Commerce.

Canadian Design at Expo '67

A catalogue containing information on product designs created specifically for Expo '67 was published and distributed to Canadian manufacturers as well as to domestic and foreign buyers to encourage their production and sale on the commercial market.

ICSID '67

In September 1967 Canada hosted the Fifth General Assembly and Congress of the International Council of Societies of Industrial Design. This event was held in Ottawa and Montreal and was attended by 625 representatives from 32 countries. The proceedings of the Congress were published for distribution to the design professions and design institutions to assist the development of design capability and the improved application of design in industry and commerce.

Design Canada Centre Program

This program is designed to promote well-designed Canadian products and good design practice; to disseminate design information and to provide an advisory service. This program is offered at two permanent centres at Toronto and Montreal and elements of the Design Canada Centre Program are extended to other selected locations in Canada and abroad.

The 1968 attendance in Toronto exceeded 100,000 and Montreal, which was opened in September 1967, attracted more than 74,000 visitors. In Canada, displays, conferences and other design promotional activities were carried out in Winnipeg, Vancouver, Calgary, Quebec City and Ottawa. The most notable of these was a major exhibition held at the Yorkdale Shopping Centre in Toronto. The exhibit was mounted in close co-operation with the Yorkdale Merchants Association and clearly demonstrated that design

promotion at the retail level is an effective means of creating a greater awareness of design on the part of merchandisers and the general public.

Internationally, Canadian designs were shown at the Fourteenth Triennale di Milano in the summer of 1968. Canada's participation in this world showcase of design was highly commended by visitors to the show and by the international press.

With the co-operation of the Department of Trade and Commerce, a Design for Export program has been launched. The initial phase of this program will consist of displays at a number of important commercial centres in the United States.

Design Canada Service

This activity makes available to industry, commerce, the professions, students, educational institutes and the general public, information and advice on a broad range of design subjects. It includes a reference service of books, periodicals and technical papers on design subjects; a product index containing illustrated specifications on products of Canadian manufacture selected as being of good design by independent committees; a record of designers documenting information on available Canadian designers and design services, and an audio/visual service which makes available on a loan or purchase basis films and filmstrips on design and related subjects.

Several elements of this service were expanded in the past year - notably the product index. The constructive comments of the product evaluation committees have been added as a service to manufacturers submitting products to the index. The purpose of these comments is to guide designers and manufacturers in the improvement of the design of their products and the response to this service has been encouraging.

The results of a Seminar on Design Protection were published to advise designers and manufacturers on the available means of protecting their designs.

An audio/visual filmstrip titled Design in the City, illustrates the role of industrial design in urban development and deals with the design case history of the Montreal Metro. The purpose of this filmstrip is to encourage government authorities to make greater use of good design practice in the creation of public environments.

Design Canada Scholarships and Grants

In 1967-68 nine scholarships totalling \$24,500, and 10 grants totalling \$40,575, were awarded to encourage advanced training and research in the field of industrial design and to support the promotion of industrial design in Canada. To assist designers and manufacturers in their design development activities, the results of the research projects will be published.

Design Canada Better Products for Modern Living

This program was initiated in 1966-67 to encourage design innovation and improvement of products required to outfit major construction developments planned in Canada over the next decade. These include public buildings, schools, hospitals, dwellings, parks and recreational areas and transportation and communication facilities.

A broad survey was completed and projects have been initiated dealing with the office and home environments. The results of these projects will be published periodically to advise designers, manufacturers, distributors, and others with interests in these subjects, of current trends which should be considered in the design of products for these environments.

Design in Government

The two main areas of governmental design responsibility and influence relate to environments and procurement. In varying degrees, all three levels of government are responsible for, and influence the design of, a wide range of environments. In addition to buildings and other structures for their own use, governments are responsible for a great variety of facilities which service the needs of the nation and its communities.

The relocation of the Department of Industry in new quarters afforded an excellent opportunity to demonstrate the cost and other benefits of good design practice in terms of space planning and the selection of furniture, furnishings and equipment. Results of this demonstration have been acknowledged by both the public and private sectors as a significant contribution towards the development of advanced designs in office planning, furniture, furnishings and equipment. Taking this experience into account, the Federal Government has embarked on a major program to improve the design standards of public environments as a means of improving operational efficiency and achieving maximum cost benefits.

Survey of Design in Canada

In order to identify the areas where design improvement could have the greatest impact on industrial and economic growth, a comprehensive study and analysis has been initiated to determine the quantity and quality of design activity in areas of industrial and economic importance. The results of the survey will be used as a basis for determining the desirability of new projects and will also be published to assist designers, manufacturers, distributors and educators to identify opportunities for design development.

AREA DEVELOPMENT PROGRAM

One of the federal organizations responsible for assisting regional economic development - particularly industrial development - is the Area Development Agency established under the provisions of the Department of Industry Act in 1963. This Agency carries out the task, under the authority of the Area Development Incentives Act of 1965, of improving employment opportunities in certain areas of the country which, in recent years, have experienced severe problems of unemployment, underemployment or declining employment opportunities.

Since its inception, the Agency has undertaken an annual review of the program, using progressively improved criteria, as applied against Canada Manpower Centre areas and adjacent Census Divisions, to determine those areas of the country most requiring assistance. Following major changes in criteria in July 1967, the removal of the Owen Sound, Collingwood and Midland CMC areas in October 1967 from the list of designated areas, and the addition of the Levis, Quebec, CMC area in September 1968, there remained designated a total of 94 areas. These areas are distributed in all 10 provinces and contain some 18 per cent of the national labour force.

Firms establishing new manufacturing or processing facilities or carrying out significant expansions to existing

facilities in designated areas are eligible to receive benefits in the form of non-refundable, non-taxable cash grants and accelerated capital cost allowances on the assets eligible for cash grants. The amount of the grant is based upon 33-1/3 per cent of the first \$250,000 capital cost of new machinery, equipment and buildings, plus 25 per cent of the next \$750,000 of such costs, plus 20 per cent of such costs thereafter. The maximum grant for any new facility or for any expansion of an existing facility is \$5 million. The grants may be taken at the option of the firm in the form of a credit against future income tax liabilities. The three-year income tax exemption formerly available under Section 71A of the Income Tax Act as an optional benefit lapsed on March 31, 1967.

During 1968, applications for incentives for industrial location were received at an accelerated rate. New or expanding facilities were proposed for all but three of the designated areas and were representative of all 20 Standard Industrial Classifications. Of the more than 1,500 applications for assistance which have been received since the inception of the program, almost 1,000 have been approved or were under active consideration. These active applications were expected to result in new capital investment exceeding \$2.1 billion and the creation of 60,000 new direct employment opportunities. It is normal to expect that at least an equal number of

indirect jobs will be created in the service sectors. The estimated combined value of benefits for federal income tax exemptions and capital grants totals over \$427 million. This value is based upon the stated intentions of the applicants. These figures broken down by regions are as follows:

	<u>Projects</u>	<u>New Capital Investment (millions)</u>	<u>Direct Job Opportunities</u>
Atlantic Provinces	299	\$ 849	20,930
Quebec	249	514	14,054
Ontario	235	404	17,603
Prairie Provinces	137	291	5,398
British Columbia	67	81	2,621
	987	\$2,139	60,606

Of the active applications, approximately 200 have chosen the tax exemption benefit and 780 have applied for the capital grants. New facilities have accounted for 570 of the applications, while just over 400 have been proposals for expansions of existing operations.

The following table gives a breakdown by Standard Industrial Classifications of the active applications as of December 31, 1968. The Food and Beverage Industry has generated the greatest number of applications and should provide 16 per cent of the new job opportunities. The Pulp and Paper Industry will generate the largest investment in fixed assets and about 10 per cent of the new direct jobs should be created in this category.

<u>Manufacturing Industries</u>	<u>Projects</u>	<u>Investment in Fixed Assets</u>	<u>Direct Job Opportunities</u>
Food, Beverages & Tobacco	235	\$ 147,002,000	10,923
Rubber Goods	8	6,547,000	367
Leather Goods	12	2,628,000	528
Textiles	41	72,762,000	3,293
Knitting Mills & Clothing	25	6,474,000	2,716
Food Products	151	77,343,000	6,047
Furniture	26	11,813,000	1,481
Pulp & Paper	35	797,767,000	6,415
Printing & Publishing	27	9,104,000	685
Primary Metal	25	168,561,000	1,891
Metal Fabricating	75	24,079,000	2,075
Machinery	50	36,234,000	2,818
Transportation	57	84,099,000	5,972
Electrical Products	31	60,334,000	5,651
Non-Metallic Minerals	58	106,604,000	3,610
Petroleums & Chemicals	70	509,223,000	3,673
Miscellaneous Manufacturing	61	19,208,000	2,461
Totals	987	\$2,139,782,000	60,606

In addition to the responsibilities for promoting and administering the incentives program, the Agency has undertaken a series of activities designed to assist community

leaders and provincial officials in their industrial development endeavours. During the year an Industrial Development Training Course was prepared by the Canadian Association for Adult Education in co-operation with a curriculum committee, drawn from universities across Canada and acting on behalf of the Area Development Agency. The course contains eight subject units describing the main processes of industrial development and is being prepared with visual aids and instructors' guides for presentation across Canada. It is intended that courses will be held in designated areas so that voluntary committees and part-time industrial development officers will be afforded an opportunity to gain a better appreciation of the processes and methodology in conducting their own industrial development programs.

In conjunction with the preparation of this course the National Film Board produced for the Agency a film to be used for training purposes which points up the inter-relationship of the many factors involved in regional economic development. The film, "They're Putting Us Off the Map," outlines the situation in one small declining town which typifies the socio-economic problems found in many areas. The film will be used both as a stimulator of community action and as an introduction to the training course.

In a further effort to upgrade the efficiency of developmental activities in Canada, the Agency convened a

conference of people involved in industrial development at all levels of government and in the private sector with a view to examining the feasibility of establishing a Canadian Industrial Development Association. The conference agreed that there was merit in forming such an association for the purposes of developing training programs and establishing a co-ordinating function. A Board of Directors was elected and has been charged with drafting a constitution and preparing terms of reference for the operations and programs of an association. It is expected that the first annual meeting of the association will be held in 1969.

The Agency also proceeded with its various research and study projects to evaluate the results of its programs, to identify new manufacturing opportunities in designated areas and to augment the knowledge pertaining to regional industrial location.

The Atlantic Provinces Impact Studies, being undertaken by universities in the Atlantic region, to assess the impact of the incentives program in Newfoundland, Nova Scotia and New Brunswick, were continued and will be reported on in 1969.

Queen's University completed a report on the impact of the Area Development Agency programs in the Southern Georgian Bay region. An Industrial Development Assessment Study of the Moncton area is being published.

Several new studies were sponsored by the Agency in co-operation with provincial governments to determine the feasibility of specific industrial projects. Published reports include the study on the manufacture of leather moccasins in Ontario and a Wood Components Study and a Decorative Laminates Study in New Brunswick.

The Agency also commissioned a Study of Industrial Sites Inventory in Corner Brook, Newfoundland.

The Department continued to place considerable emphasis on research and analysis in the designated areas of the Atlantic Provinces with a view to acquiring a broader knowledge of the relative capability to attract manufacturing facilities to that region.

In the government reorganization announced in July, 1968, the Area Development Agency was transferred from the Department of Industry to the Department of Forestry and Rural Development. The programs of the Agency have become part of the new Department of Regional Economic Expansion established by the Government Organization Act, 1969, which came into effect, March 31, 1969.

AUTOMOTIVE INDUSTRY PROGRAM

Substantial progress continues to be made toward the attainment of the objectives of the Canada-United States Automotive Products Agreement. These include the full benefits of large-scale production, fair and equitable participation in the combined market of the two countries and the development of conditions in which the most economic pattern of investments, production and trade will obtain.

The automotive industry has grown faster than any other manufacturing sector, and has become the leading contributor to the growth of Canadian exports. In 1967, production of passenger vehicles increased to a level approximately 29 per cent higher than that of 1964, the year immediately preceding the implementation of the Program, and commercial vehicles by approximately 85 per cent. Total vehicle production in 1967 was 143 per cent of the 1964 level. This trend accelerated in 1968, with production of cars rising to 161 per cent and commercial vehicles to 250 per cent of 1964 production achievements. Shipments of domestic auto parts have also expanded from \$628 million in 1964 to approximately \$1,000 million in 1968.

The most notable achievements under the Program have taken place in the field of trade. In 1964, Canada exported vehicles valued at \$82 million; by 1967 exports of motor vehicles from Canada had reached a value of \$1,205 million, an increase of 1,370 per cent in just three years. Auto parts

exports also show rapid expansion, from a total of \$105 million in 1964 to \$542 million in 1967. Available figures for 1968 indicate the total automotive exports during the year to all countries to be \$2,650 million. Canadian vehicle assemblers and parts manufacturers are therefore gaining substantially from expansion of trade.

The trade imbalance with the United States in automotive products, which had been growing rapidly in previous years, was reduced for the first time in 1966 by more than \$200 million. It was further reduced in 1967 by \$90 million and by \$80 million in 1968.

Average levels of employment in the automotive industries have also risen during the life of the program, from a monthly average of 69,000 in 1964 to 84,500 in 1968. This volume of additional employment represents a payroll increase of more than \$90 million per year.

Investment

The automotive industry has in recent years announced the establishment in Canada of 95 new plants and the expansion of 169 existing ones. In many cases, the expansion of existing facilities has involved their complete re-equipment with the most modern types of machinery. During the period 1964 to 1967, average annual investment was \$174 million, which was 355 per cent higher than during the years 1960 to 1963. Annual investment per worker increased from \$1,000 in the years

immediately prior to the Program, to \$2,700 in the period 1964 to 1967. The latter level of new investment is only slightly lower than that prevailing in the United States. Despite this notable increase in annual investment in Canada, total capital employed, per worker, in the industry is still well below that employed in the automotive industry in the United States.

At the end of 1967, production began at a completely new automated car plant near St. Thomas, Ontario. This plant will soon be converted to the production of "sub-compact" cars for both the United States and Canada.

A new phase of investment began in 1968 with preliminary work on two major engine plants for Canada.

Rationalization

An appreciable amount of rationalization of production has taken place, both in the assembly of vehicles and the manufacture of parts. Although total production of motor cars has increased considerably, the number of car makes, body styles and models assembled in Canada has declined significantly. It is estimated that more than 230 models and styles were produced in 1965, compared with about 160 models and styles in 1967. This number was reduced further in 1968.

Many parts plants, as well as assembly facilities, have rationalized their output and are now realizing the benefits of specialized production. In order to make the

changeover from producing a great variety of parts, usually in short runs, plants have had to reorganize their facilities and install modern equipment.

Although notable progress has been achieved by the industry in modernizing and reorganizing its facilities during the life of the program, additional progress must be realized in modernizing Canadian plants and other facilities in order to improve the ability of the industry to compete effectively in international markets.

Productivity

Traditionally, productivity in the Canadian automotive industries has been well below that in the United States. The trend to a greater variety of models and styles intensified this problem for Canadian producers. Despite substantial growth in the size of the Canadian market for motor vehicles, the potential gains in productivity which might have resulted from larger scale output were being offset by an ever increasing choice of models. The Automotive Program has not only resulted in greater volume of output in Canada, but has also made possible greater specialization. The results are already noticeable in terms of increased productivity.

The volume of output per man-hour in vehicle assembly in Canada increased by more than 11 per cent in 1966 and 1967, compared with an annual average of six per cent over the period 1961-65. Figures for 1968 point to a further gain in productivity

in Canada. In terms of numbers of units produced per employee, the Canadian industry reached 84 per cent of the United States figure in 1967. This is a comparison of two averages; the most modern Canadian plants achieve efficiencies equal to the best in the United States. The Canadian average performance cannot fully match the United States levels for some time to come because of the survival of older and smaller plants that cannot be completely converted to large-scale, long-run production. Although productivity has shown appreciable gains, it is still well below levels prevailing in the United States. Thus, while the achievements to date have been impressive, it will be necessary for the industry to continue to make major new investments in order to take full advantage of the new opportunities to produce for the much larger market now available to it.

The improvement in the productivity of the Canadian industry has resulted in a narrowing of the differential in automobile wholesale prices for F.O.B. factory between Canada and the United States from eight per cent to 10 per cent in 1964 to three to five per cent in 1969. The Automotive Program is expected to continue to contribute to productivity gains and we should see a progressive narrowing of the remaining differential in prices of automobiles between Canada and the United States.

ADJUSTMENT ASSISTANCE - AUTOMOTIVE INDUSTRY

The Automotive Program has created new opportunities for Canadian motor vehicle and parts manufacturers to expand their production, rationalize their output and to realize the economies of longer production runs. In order, however, to take advantage of these opportunities, many manufacturers found it necessary to undertake major re-equipment and expansion programs. Until the introduction of the program, the Canadian automotive industry had been geared to produce a wide variety of products, usually in relatively short runs and often at costs which reflected the disadvantages of small-scale output. Plant and machinery which were adequate to meet this type of demand could not be utilized effectively for mass production of components which had to meet critical tolerances.

Smaller manufacturers in Canada have always formed an important part of the automotive industry. These firms wished to play a role under the Automotive Program, which was designed specifically to take their interests into account. As a supplementary measure the Department of Industry introduced the Automotive Adjustment Assistance Program to ensure that these domestic manufacturers would be able to obtain adequate financing on reasonable terms in order to modernize and re-equip their plants.

Loan Program

Under the Automotive Adjustment Assistance Program, loans are available to automotive parts producers who must re-equip or expand their plants but who cannot obtain the necessary capital elsewhere on reasonable terms and conditions. This program, which is administered by an Adjustment Assistance Board, with staff support from the Department, provides for loans to automotive parts manufacturers and suppliers of materials, accessories and tooling used in the automotive industry. The repayment period of a loan made under this program is related to the borrower's capacity to repay and the circumstances of the loan, and may extend for a period of up to 20 years.

From the initiation of the program, in August 1965 to December 31, 1968, 70 loans totalling \$56 million have been authorized to assist Canadian automotive producers to expand their operations and make them more efficient. The loans have been made to a wide variety of parts producers, including small stampers, automotive hardware manufacturers, electrical component producers and makers of a variety of metal parts. Some of these components have never before been manufactured in Canada. More than 3,500 new jobs have been created as a direct consequence of this loan program. Furthermore, a substantial portion of the additional output made possible by Adjustment Assistance loans is being exported, thus helping to reduce the imbalance in the trade in automotive products.

Tariff Remission Program

Many Canadian producers of automotive parts must purchase substantial quantities of new machinery and equipment to re-equip as quickly as possible to meet model changeover schedules and fulfill contract obligations. This urgency to re-equip has resulted in large expenditures on equipment in a relatively short period of time and substantial new business has been placed with Canadian machinery manufacturers. In some instances, Canadian manufacturers of production machinery are unable to meet all of the needs of the automotive producers. As a consequence, parts producers have found it necessary to increase imports of certain equipment.

In order to reduce the costs of Canadian parts makers, and thus improve their ability to compete for North American markets, a program was initiated by the Department to remit duties on imported production machinery and equipment which are not available from Canadian producers within the time needed to meet production schedules.

This program has assisted parts makers who produce a wide variety of components to improve their ability to compete. Many of these parts manufacturers are supplying not only the domestic markets but are shipping substantial quantities of components to export markets.

BEAM PROGRAM

Since the inauguration of the BEAM Program in 1967, progress has been made in defining the needs of the construction industry, identifying areas for joint government-industry co-operation and initiating action on the various aspects of the program.

Construction Information Systems

The first phase of the study to determine the feasibility of establishing a comprehensive information system for the construction industry was completed under the guidance of the Industry Advisory Committee.

An outside consulting firm was retained to undertake a survey "to establish the need and requirements of a system for the collection, storage, retrieval and dissemination of information for manufacturers and users of building equipment, accessories and materials". This survey was carried out with the active participation of officers of the Materials Branch. The final report was submitted to the Department and distributed to the members of the Industry Advisory Committee for study and for recommendations.

Other studies were also undertaken to consider the possible system designs, methods of coding and indexing as well as various possible means of organizing, financing and managing an information system.

Modular Coordination

The adoption of modular coordination as a dimensional tool to increase productivity and efficiency in the manufacture and use of building materials, has made significant progress. With the assistance of the Industry Advisory Committee three major activities were undertaken.

A series of six regional conferences on modular coordination was held in Halifax, Toronto, Winnipeg, Edmonton, Vancouver and Montreal. These conferences received strong support and were attended by some 1,000 senior representatives of the architectural, engineering and teaching professions, manufacturing and contracting industries, and representatives from all levels of government. The proceedings of these conferences are being published.

As a follow-up to these meetings, a series of clinics to instruct the design professions, contractors, manufacturers, etc., on the application of modular practice has been organized. As of December 31, 1968, some 70 clinics had been held in all parts of Canada. Fourteen architects have acted as instructors for these clinics. In many instances these are held in co-operation with provincial associations of architects or other interested groups of professionals and manufacturers.

A directory of modular building materials and components now manufactured in Canada is being compiled for publication.

Industrialized Building

The Industry Advisory Committee on industrialized building techniques and systems met frequently to define short-term and long-term objectives in this area.

A glossary of definitions relating to industrialized building was prepared by the Materials Branch and accepted by the committee as a basis for common understanding of the various terms used in industrialized building.

The Advisory Committee concluded that an orderly and efficient industrialization of the building process could not take place without first considering the development of an overall systems approach to building and it recommended, that a National Conference on "A Systems Approach to Building" be held. The Department agreed to sponsor such a conference which took place in Ottawa. The conference was co-sponsored by the Royal Architectural Institute of Canada, the Association of Consulting Engineers of Canada and the Canadian Construction Association and was attended by some 400 leaders of the construction industry. Experts from Canada, the United States and Europe participated in the program.

In June 1967, a group of nine senior representatives of the fabricated structural steel industry visited Europe on a technical mission on the use of prefabricated steel components in industrialized building. The report of their conclusions and recommendations has been published.

Building Regulations and Standards

During the year officers of the Materials Branch promoted the adoption of the National Building Code throughout Canada, the establishment of a national program to produce performance standards and the creation of an acceptable means of properly assessing and certifying new products and systems.

At the request of the Specification Writers Association of Canada and the Canadian Government Specifications Board, a study was undertaken with the co-operation of the two groups, regarding the feasibility of compiling a comprehensive index of construction standards, codes and specifications used in Canada. An interdepartmental meeting was held to review the information available and a working committee of officers from six departments established to maintain liaison on the feasibility study.

Two officers of the Branch were nominated as official observers with the Canadian Building Construction Index Committee, a national committee established to guide, ratify and develop the Building Construction Index. This committee is giving consideration to all existing indexing systems with the intention of working toward the production of a unified document prior to any revisions to the existing Building Construction Index. This work is closely related to the Department's study on Construction Information Systems.

Industry Design Promotion

Presentation of Awards of Excellence and Certificates of Merit were made to the winners of the Design Canada Concrete Awards Program at a banquet held at the Chateau Champlain in Montreal on October 13, 1967 and attended by more than 300 members of the building industry.

Mission Report

An extensive report on the Canadian Technical Mission on Prefabricated Concrete Components in Industrialized Building in Europe was completed and published during the year. This report has been distributed to more than 4,000 architects, engineers, builders and manufacturers of building materials and products.

THE SHIPBUILDING AND SHIP REPAIRING INDUSTRY

A temporary saturation of the market for several major classes of commercial and fishing vessels resulted in a downturn of activities for Canadian shipyards during 1968 in contrast to the high levels of recent years. By the end of the year, however, contracts for a new class of naval vessel and for two types of oil drilling rigs, as well as a number of smaller orders, improved the production picture.

During the period all orders for new Canadian flagships continued to be placed with Canadian shipyards. This business for Canadian goods was influenced significantly by the subsidies administered by the Department under the Ship Construction Subsidy Regulations. Additional encouragement for construction in Canadian yards results from certain provisions of the Income Tax Act with respect to proceeds of disposition of vessels and the accelerated depreciation provision in the Income Tax Act permitted to Canadian owners for Canadian-built ships.

Following the trend evident in all major shipbuilding countries, the Canadian industry has been giving serious consideration to consolidation of its activities into more economic units. During the year this resulted in the closing of two large shipyards, with the prospect of additional rationalization during 1969 and future years.

Boatbuilders have been active and are taking advantage of the Kennedy Round tariff changes to increase their export business.

INDUSTRY-GOVERNMENT CO-OPERATION

Industry and Government continued to enjoy the close working relationships essential to the formulation of programs designed to improve performance in all industry sectors. Some of the joint projects undertaken during the year include the following:

The Department seeks to promote greater use of electronic computing as a tool to increase productivity and is co-operating with industry associations and the Department of Manpower and Immigration in the development of courses on the use of advanced control systems in the processing industries. In 10 years' time it is estimated that about 10 per cent of all Canadian investment in plant and equipment will be for computers and associated equipment.

In consultation with the electronics industry, the Department is examining ways in which Canadian participation in all phases of the supply of computing equipment, particularly in the research and development area, can be brought to a more satisfactory level.

The Department has participated in the work of a committee set up by the Canadian Electrical Association in which Canadian electrical manufacturers are discussing with the utilities the long range trends in the industry, and exploring past problem areas related to the supply of electrical apparatus.

To complement various analyses undertaken by the Department, the services of the Institute of Quantitative and Social and Economic Policy Analyses, School of Business Studies, University of Toronto have been engaged to recommend the role the Federal Government should play in assisting the Canadian appliance industry to improve its productivity and to take advantage of its unrealized potential. The report is also expected to include recommendations to the Canadian appliance industry and should form a basis for close government-industry co-operation out of which a program for improving the industry's competitive position can be undertaken.

With the support and assistance of the chemical industry, the Department is nearing completion of a comprehensive chemical industry study, which consists of an assessment of the present and potential competitiveness of the industry with its counterpart in other countries, particularly the United States, and of the value of the chemical industry to the Canadian economy. These assessments, accompanied by a number of support studies, are intended to provide the chemical industry and the Federal Government with a sound basis for the making of decisions concerning the future growth of the industry.

The detailed comparative advantages study launched in 1968 by the Department's Apparels and Textiles Branch, and supported by the industry's textile advisory committee, is well advanced. When completed, the study is expected to provide

comprehensive information about the nature and extent of competition faced in both domestic and export markets.

The Canadian leather footwear industry has also formed an advisory committee to act as a working link between the Department and the constituent members of the leather manufacturing sector. The committee is assisting the Department in conducting an in-depth study designed to evaluate the sector's productivity, and to determine possible means by which necessary improvements might be effected.

Another advisory committee has been formed by the Canadian clothing industry, which is working closely with the Department in an effort to solve the many problems facing the industry. One of its major aims is to ensure that necessary measures are taken to increase export market penetration. Exports have increased by about 48 per cent to \$35 million between 1967 and 1968 and appear to be continuing on an upward trend.

A number of projects, involving industry, the universities and other sectors of the economy, were undertaken by the Area Development Agency and are covered in the section of this report devoted to ADA.

TECHNICAL MISSIONS

Many representatives of industry participated in a number of Department-sponsored missions designed to draw the attention of Canadian industry to the technical advances being made abroad which might be applicable to industry in this country.

As a result of studies made by the Department, it was recognized that powder metallurgy is of growing importance to industry in Canada and to take advantage of rapidly developing technology, the Department organized a technical mission to Western Europe in 1967. Representatives from industry and the Department toured powder metallurgy firms and research establishments in the United Kingdom, Sweden, France and Italy. A mission report was subsequently published.

In co-operation with the Canadian Forging Association, a technical mission to the United Kingdom and Western Europe in 1968 was arranged.

A mission on the use of prefabricated steel components in industrialized building was also sponsored by the Department and is covered in the chapter devoted to the BEAM program.

The Department arranged for a technical mission of Canadian appliance manufacturers to visit Italy and study at first hand the techniques being developed in that country. Some cross licensing of design and production methods may result from this mission which would assist the Canadian companies to adjust to changing conditions in this industry.

DEPARTMENT OF INDUSTRY
FINANCIAL STATEMENT
for the year ended March 31, 1968

STATEMENT OF EXPENDITURES

Vote 1 - Departmental Administration

Salaries including Casuals and overtime	\$ 6,988,424
Living Allowance	5,617
Professional and Special Services	682,240
Travelling	476,640
Freight, Express and Cartage	4,442
Postage	8,283
Telephones and Telegrams	180,633
Publications	137,888
Advertising, Displays, etc.	494,055
Office Stationery and Equipment	1,264,509
Materials and Supplies	744
Industrial Missions and Sundry	98,572
	<hr/>
	\$ 10,342,047

Vote 3 - Grants to promote industrial development 174,827

Vote 5 - To sustain Technological Capability in Canadian Industry 22,904,446

Vote 10 - Program for Advancement of Industrial Technology 6,364,905

Vote 15 - Capital subsidies for the construction of commercial and fishing vessels 39,331,611

Vote 20 - Payments to assist defence manufacturers with defence plant modernization and in the establishment of production capacity 10,581,600

Statutory

Minister of Industry - Salary	\$15,000
- Motor Car Allowance..	2,000
	17,000
Area Development Grants	15,350,597
General Incentives to industry for the expansion of scientific research and development in Canada .	2,131,353
	<hr/>
	\$107,198,386

STATEMENT OF REVENUE

Interest received on Loans to assist Manufacturers of Automotive Products	\$ 987,392
Refunds of previous years' expenditure	35,485
Royalties re Otter Aircraft	217,620
Miscellaneous	10,624
	<hr/>
	\$ 1,251,121
	<hr/>

STATEMENT OF LOANS, INVESTMENTS AND ADVANCES

Loans to assist Manufacturers of Automotive Products in Canada	\$ 9,963,032
Loans to assist defence manufacturers with defence plant modernization and in the establishment of production capacity	10,215,050
	<hr/>
	\$ 20,178,082
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Annual Report



Canada

Department of Industry
April 1, 1968 - March 31, 1969



Ottawa, January 31, 1970

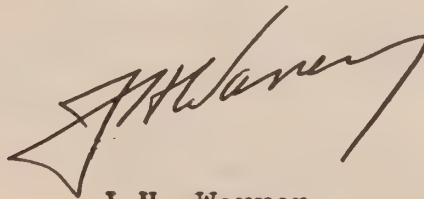
The Honourable Jean-Luc Pepin,
Minister of Industry, Trade and Commerce,
Ottawa, Canada.

Dear Sir:

I have the honour to submit the Annual Report of the Department of Industry which covers the operations and services rendered during the 1968-69 fiscal year.

This Report reviews the operations and services rendered by the Department for the period immediately preceding its merger with the Department of Trade and Commerce which became effective on April 1, 1969. This, therefore, constitutes the final Report of the Department as a separate entity.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'J.H. Warren', with a stylized, sweeping flourish extending from the end of the name.

J.H. Warren,
Deputy Minister.

Ottawa, January 31, 1970

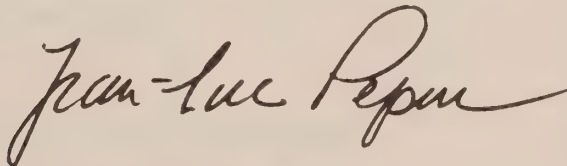
To His Excellency,
The Right Honourable Roland Michener, C.C.,
Governor General of Canada.

May it please Your Excellency:

I have the honour to submit to Your
Excellency the Report of the Department of Industry
covering the period April 1, 1968 to March 31, 1969.

A summary of the operations and services
rendered by this Department is laid before Your
Excellency.

Respectfully submitted,

A handwritten signature in dark ink, reading "Jean-Luc Pepin". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

Jean-Luc Pepin,
Minister of Industry,
Trade and Commerce.

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INTRODUCTION

The merger of the Department of Industry and of the Department of Trade and Commerce became effective on April 1, 1969. As a result, the accompanying review of the activities of the Department up to March 31, 1969, represents the final Report of this Department as a separate entity.

The activities of the Department of Industry during the 1968-69 fiscal year are described in the following pages under program headings which identify the various financial incentives and other forms of assistance employed by the Department to stimulate increased productivity and production efficiency in Canada. Some of these programs are designed to serve the interests of a specific industry sector, while others have a more general application.

GENERAL ADJUSTMENT ASSISTANCE PROGRAM

This program provides a practical and flexible means of assisting Canadian manufacturers to adapt to changes in the world trading environment occasioned by the Kennedy Round. Its main aim is to help manufacturers to take advantage of export opportunities arising from these changes. It is also designed to help manufacturers to improve their competitive position in cases where they may have been seriously affected or could be placed at a serious disadvantage as a result of Kennedy Round reductions in the Canadian tariff.

Three forms of assistance are available under certain conditions: government insurance against the risk of loss on loans made by private lenders; direct government loans in special circumstances to manufacturers with sound restructuring projects but who are unable to obtain an insured loan; and grants to manufacturers who have applied for assistance and require the services of qualified consultants to develop effective adjustment proposals.

The General Adjustment Assistance Board, composed of representatives from both private industry and government, administers the program using the staff and services of the Department.

Officers of the Department advise and assist manufacturers in the assessment of export markets, the formulation of specific adjustment proposals and in the preparation of applications for assistance under the program.

Parliament has provided authority to the Board for the implementation of the insurance of loans by private lenders up to an aggregate amount of \$100,000,000 and has made appropriations to enable the Board to authorize loans and consulting assistance grants in the amounts of \$14,000,000 and \$1,200,000 respectively.

During the 1968-69 fiscal year, the Board considered 24 applications for assistance under the program. Of these, only one claimed injury as a result of tariff reductions made by Canada but, after thorough investigation, the Board ruled that the company's problem pre-dated, and was not related to the Kennedy Round. The other 23 applicants were ruled eligible for consideration for loan insurance in an aggregate amount of approximately \$79,265,000 to assist in financing restructuring projects estimated to cost some \$294,176,000. Included in the figures were two proposals with an aggregate insured loan requirement of \$70,000,000 and overall project costs of \$283,250,000. Both proposals were contingent on events which might not occur for some time and, as a result, there was no certainty that insured loans will be required.

The Board authorized consulting assistance grants to seven eligible manufacturers in order to help them develop sound restructuring proposals. The studies included market surveys, selection of machinery and plant lay-outs as well as design and engineering analysis. The studies will cost \$175,750 in total with the Crown's share of this expenditure amounting to \$68,875.

In this period the Board authorized seven applications for insurance of loans to assist in financing restructuring proposals expected to cost some \$3,536,000. Total insurance authorized amounted to \$2,668,000. One application was declined.

The assistance authorized has been directed to the Wood Products, Apparel, Textiles, Machinery, Food, Fisheries and Marine sectors of Canadian secondary industry. It is expected that this assistance will generate additional employment and significant increases in export sales over the next five years.

MACHINERY PROGRAM

This program played a major role in the Department's efforts to promote the efficient expansion of Canadian secondary industry. It has a two-fold purpose: the first is to encourage improved manufacturing efficiency by enabling companies to acquire capital equipment at the lowest possible cost. The other main purpose of the program is to enable Canada's machinery industry to derive maximum benefit from the tariff which applies to the products it manufactures.

The basic elements of the program are:

- (1) Statutory rates of duty of 15 per cent Most Favoured Nation and $2\frac{1}{2}$ per cent British Preferential, under a single tariff item (42700-1), covering the bulk of machinery imported by Canadian manufacturing and service industries.
- (2) Provision for remission of duty by the Governor-in-Council on the recommendation of the Minister of Industry when such machinery is not available from production in Canada and the remission is in the public interest.

The rate of 15 per cent M.F.N. provides a reasonable measure of tariff protection for the industry, having regard to machinery tariff rates of other industrial countries following the Kennedy Round.

The new tariff rate now applies to products as soon as Canadian manufacturers are in a position to supply them, whereas under previous tariff provisions, a Canadian-made machine was not entitled to "made in Canada" status, and the related level of protection until such machines accounted for 10 per cent of domestic consumption in their class. This is of particular importance to Canadian producers of custom engineered machines. Previously, the usefulness of the "made in Canada" provision for custom-made products was limited because of the difficulty of demonstrating that domestic firms supplied 10 per cent of Canadian consumption.

During the period under review, 18,158 applications for remission of duty were received. The procedures for dealing with these applications enabled most importers to obtain notices of remission before actual importations took place, and uncertainty as to the application of duty was minimized throughout this period. There were no formal appeals in respect of the disposition of these applications. The practical approach taken in determining the availability of machinery from domestic production proved satisfactory both to Canadian machinery builders and to users.

Imports under the program in the 1968-69 fiscal year totalled \$784.5 million and remission of duty for this period amounted to approximately \$49.0 million.

Administration of the program involved continuous discussions with machinery manufacturers regarding their capacity to meet machinery users' requirements.

A complete review of the results of the Machinery Program will be published each year. This will provide industry with previously unavailable information on the Canadian market and equipment being supplied from abroad. It is expected that this information will add further stimulus for specialization within Canadian machinery manufacturing and, consequently, promote increased exports.

SCIENCE AND TECHNOLOGY

The following programs to encourage and assist scientific research and development and to stimulate the use of modern technology in Canadian industry constituted a major activity of the Department during the year.

Industrial Research and Development Incentives Act

Under this Act, Canadian corporations are entitled to apply to the Department for a cash grant or for a credit against their federal income tax liabilities amounting to 25 per cent of:

- (i) all their capital expenditures (for the acquisition of new property other than land) for scientific research and development in Canada; and
- (ii) the increase in their current expenditures in Canada for scientific research and development over the average of such expenditures in the preceding five years.

During the year ended March 31, 1969, 454 applications for grants were processed and grants totalling \$20,191,631 were authorized under the Act.

Industrial Research Institutes

Four Canadian universities have been assisted in establishing and administering industrial research institutes which can undertake contract research on behalf of industrial firms unable to afford their own research facilities. Grants totalling \$475,000 were authorized for the formation of

institutes at the University of Windsor, McMaster University, University of Waterloo and Nova Scotia Technical College. Contract research reached a modest level and there were encouraging signs that this work will increase once these services have become better known.

Discussions took place with other Canadian universities which are considering the establishment of similar facilities.

Program for the Advancement of Industrial Technology (PAIT)

The basic objective of this program was to promote the growth and productivity of efficient and competitive manufacturing and processing industries in Canada by the application of science and technology to the development of new or improved products and processes for commercial markets at home and abroad.

The Department provided financial assistance to industrial firms for specific development projects proposed and undertaken by them which, if successful, offered good prospects for commercial exploitation.

Projects supported under the program have included the development of water bomber aircraft, satellite communications equipment, electromagnetic prospecting equipment, flight safety devices, advanced machinery and machine tools, wood harvesting equipment and data display devices.

Sixty-two development projects estimated to cost in total about \$13 million were approved during the fiscal year

under review, bringing the total number of projects supported under the program since its inception in 1965 to 175, with a total value of \$51 million. Twenty-one projects have been successfully completed and the results put into commercial use. Sales resulting from these completed projects over the first five years are estimated at \$92 million, more than half of which are expected to be for export.

Industrial Standards

The Department participated with other government departments and the Canadian Standards Association in the development of proposals to establish a new organization for standardization in Canada embracing all Canadian interests - government, industry and consumer - and making full use of existing standards-setting and enforcement agencies.

The proposed Standards Council of Canada will be responsible for overall policy and coordination of standardization activities in Canada at the national level and for Canadian participation in international standardization activities.

Legislation to establish the Standards Council will be the responsibility of the Department of Industry, Trade and Commerce.

Scientific and Technical Studies

The Department was actively involved in the Study of Scientific and Technical Information in Canada sponsored by the Science Secretariat and in the Study of Transportation Research sponsored by the Science Council of Canada. The Department also provided advice to the Science Council of Canada on the Formulation

of a Science Policy for Canada and on its Study of Aeronautical Research and Development in Canada.

Following its earlier studies of industrial resources in the field of satellite communications, the Department actively participated in the task force established by the government to develop plans for establishing a Canadian Domestic Satellite Communications System. Contracts were let by the Department to two Canadian companies for studies respecting the design, development and supply of a Domestic Satellite Communications System.

DEFENCE INDUSTRY PRODUCTIVITY PROGRAM

This program is designed to enhance the technological competence of the Canadian defence industry in its export activities by providing financial assistance to industrial firms for selected projects. Emphasis was placed on those areas of defence technology having civil export sales potential. Assistance covers the development of products for export purposes; the acquisition of modern machine tools and other advanced manufacturing equipment to meet exacting military standards; and assistance with pre-production expenses involved in establishing manufacturing sources in Canada for export markets.

Projects initiated have played a major role in helping industry to develop its skills on a specialized basis in fields of technology which have defence and civil applications and which Canada is favourably situated to exploit. Costs of these projects were shared by the Department and the Canadian firms concerned and, in some instances, by the governments of other NATO countries. Among the projects that received assistance were communications and aircraft navigation systems, gas turbine engines for aircraft, flight safety and simulation equipment, and information display facilities. Exports of the products of these developments continued to increase, including significant orders for such diverse applications as commercial airlines, public communication networks and television distribution systems.

Manufacturing equipment projects were selected for assistance on the basis that the machinery acquired would make a significant contribution to increased productivity. Generally this meant that the machinery was the most advanced of its type, such as numerically-controlled metalworking equipment. In many respects, defence manufacturing has dictated the development of advanced high production machines, and the incentive to Canadian industry to introduce such equipment is giving impetus to successful applications in the civil sector.

The Department committed about \$32 million during the year to support some 180 projects.

Since the start of this program (which combines the former Industry Modernization for Defence Exports Program and the Defence Development Sharing Program) about 200 projects, involving an expenditure of \$178 million, were supported. Of the projects supported, some 120 achieved sales; the government contributions concerned amounted to \$99 million with resulting value of sales to date totalling \$995 million.

INDUSTRIAL DESIGN

Development of the Design Canada Program, and consideration of areas of Canadian industry and the economy where new projects might be most profitably undertaken, were principal focal points of the program of the National Design Council and the Department of Industry.

Design Canada Centre Program

Offered at two permanent centres at Toronto and Montreal, this program promoted well-designed Canadian products and good design practices, disseminated design information and provided an advisory service.

Displays, conferences and other design promotional activities were also carried out in Vancouver, Calgary, Winnipeg, Toronto, Ottawa and Quebec City.

Internationally, Canadian designs were shown at the Fourteenth Triennale di Milano in the summer of 1968.

Design Canada Service

This activity made available to industry, commerce, the professions, students, educational institutes and the general public, information and advice on a broad range of design subjects. It included a reference service of books, periodicals and technical papers on design subjects; a product index containing illustrated specifications on products of Canadian manufacture selected as being of good design by independent committees; a record of designers documenting

information on available Canadian designers and design services, and an audio-visual service which made available, on a loan or purchase basis, films and film strips on design and related subjects.

Design Canada Scholarships and Grants

In 1968-69, 10 scholarships totalling \$25,550 and 15 grants amounting to \$111,697 were awarded to individuals and institutions to encourage advanced training and research in the field of industrial design, to support the promotion of industrial design in Canada and to assist designers and manufacturers in their design development activities.

Survey of Design in Canada

In order to identify those areas where design improvement could have the greatest impact on industrial and economic growth, a comprehensive study and analysis was undertaken to determine the quantity and quality of design activity in areas of industrial and economic importance. The results of the survey were used to determine the desirability of new activities.

AUTOMOTIVE INDUSTRY PROGRAM

Progress continued to be made toward the attainment of the objectives of the Canada-United States Automotive Products Agreement. These included the full benefits of large-scale production, fair and equitable participation in the North American vehicle market and an environment conducive to the most economic pattern of investment, production and trade.

In the 1968 calendar year, production of passenger vehicles increased to a level 161 per cent higher than that of 1964, the year immediately preceding the implementation of the program. Production of commercial vehicles increased to a level 250 per cent higher. Shipments of domestic auto parts also expanded from \$628 million in 1964 to approximately \$1,072 million in 1968. Production figures for the first three months of 1969 for motor vehicles and parts demonstrated that this upward trend continued.

The Canadian automotive industry grew faster than any other manufacturing sector and became Canada's largest manufacturing industry. In 1964, Canada exported automotive products valued at \$187 million; by 1968 automotive exports from Canada had reached a value of \$2,650 million, an increase of \$2.46 billion in this four-year period. Nevertheless, Canada continued to be a net importer of automotive products. Imports of these commodities were \$838 million in 1964 and \$3,100 million in 1968, an increase of \$2,280 million or 270 per cent over the period.

Canada's trade deficit on automotive products with the United States was \$620 million in 1964. The deficit had been reduced by \$107 million by the end of 1967 and was reduced by a further \$81 million by the end of 1968. The 1968 trade deficit with the United States in these products was \$431 million. As the aims of the Automotive Agreement are more fully realized, this trend may be expected to continue.

Average levels of employment in the automotive industries have also risen during the life of the program, from a monthly average of 69,000 in 1964 to 84,500 in 1968. This additional employment represents an annual payroll increase of more than \$90 million.

Investment

The automotive industry has in recent years announced the establishment in Canada of more than 100 new plants and the expansion of over 200 existing facilities. During the period 1964 to 1968, average annual investment was approximately \$160 million which was five times higher than during the years 1960 to 1963. Average investment per worker increased substantially in the period 1964 to 1968. The latter level of new investment was slightly higher than that prevailing in the United States in the same period. Despite this important increase in annual investment in Canada, total capital employed per worker in the industry is still below that employed in the automotive industry in the United States.

In 1968 several major automotive investment decisions were announced and a number of major new facilities reached the production stage. Plans were announced to expand a major engine plant in Windsor, Ontario at a cost of over \$75 million. A major conversion of an existing plant, at a cost of over \$100 million, was also announced in 1968. This plant, also located in Windsor, will manufacture V-8 engines and will increase employment by more than 200 persons. The new St. Thomas vehicle assembly plant was officially opened in June 1968. This plant cost over \$65 million and employs approximately 1,800 persons. Another major investment made since the Automotive Agreement was the new vehicle assembly plant located at St. Thérèse, Quebec. This facility, now in full operation, employs approximately 1,000 persons and was built at a cost in excess of \$60 million.

Rationalization

Appreciable rationalization of production continues to take place, both in the assembly of vehicles and in the manufacture of parts. The number of car makes, body styles and models assembled in Canada declined significantly. It is estimated that more than 230 models and styles were produced in 1965, compared with about 120 models and styles in 1968.

The production of original equipment parts has been rationalized and parts producers and vehicle manufacturers achieved more of the benefits of specialized production. In making the changeover from producing a great variety of parts, usually in short runs, plants had to reorganize their facilities

and install modern equipment.

Despite the notable progress which has been made by the industry in modernizing and reorganizing its facilities, substantial further progress is necessary if the industry is to improve its competitiveness in international markets and fully achieve the objectives of the Automotive Agreement.

Productivity

Productivity in the Canadian automotive industries has always been measurably below that in the United States. Although there had been substantial growth in the size of the Canadian market for motor vehicles prior to the Agreement, the potential gains in productivity from larger scale output were being offset by an ever-increasing number of models. As a result of the program, output has increased substantially in Canada and greater specialization has made increased productivity possible.

The volume of output per man-hour in vehicle assembly in Canada increased markedly in 1967 and 1968, compared with increases in output per man-hour achieved over the period 1961 to 1966. Although the most modern Canadian plants are achieving efficiencies equal to the best in the United States, the Canadian average performance is not expected to fully match the United States level for some time to come because of the survival of older and smaller plants that cannot be completely converted to large-scale, long-run production. For the Canadian industry to approach the levels of

productivity prevailing in the United States, it will be necessary for it to continue to make major new investments in order to take full advantage of the new opportunities to produce for the much larger market now available to it.

Prices

The prices paid for new motor vehicles reflect many factors, most of which are beyond the direct influence of the Automotive Program. It may be noted, however, that the price index for automobiles has declined since the initiation of the Automotive Agreement. In 1964, the new car component of the consumer price index was 99.0 and the consumer price index was 104.8 (D.B.S. 1961 - 100). By 1968, the consumer price index had increased to 120.1, while the new car component index had declined to 98.6. The index reflected both changes in prices and in quality. This measurement indicates that the prices of new automobiles sold in Canada, adjusted for quality, have not increased since the initiation of the Automotive Program.

Another important indication of the price impact of the Automotive Program is the factory wholesale price of motor vehicles. In the years immediately prior to the Agreement, Canadian factory wholesale prices were eight to 10 per cent above those prevailing in the United States for similar vehicles. By the end of 1968, this price differential had been reduced to four to five per cent. The fuller achievement of the objectives of the Automotive Agreement will contribute to the continuation of these trends.

ADJUSTMENT ASSISTANCE - AUTOMOTIVE INDUSTRY

This program was introduced to enable Canadian motor vehicle and parts manufacturers to expand their production, rationalize their output and to realize the economies of longer production runs in order to take advantage of the new opportunities created by the Automotive Program.

The Adjustment Assistance Program ensured that domestic manufacturers, who find it necessary to undertake re-equipment and equipment programs, were able to obtain adequate financing on reasonable terms.

Loan Program

Loans were available to automotive parts producers who had to re-equip or expand their plants and who could not obtain the necessary capital elsewhere on reasonable terms and conditions. Administered by an Adjustment Assistance Board with staff support from the Department, this program provided for loans to parts manufacturers and suppliers of materials, accessories and tooling used in the automotive industry.

From the initiation of the program in August 1965 to March 31, 1969, seventy-three loans totalling \$60 million have been authorized to assist a wide variety of parts producers to expand their operations and to make them more efficient.

More than 3,200 new jobs have been created as a direct consequence of this program and a substantial portion of the additional output made possible by these loans is being exported.

Tariff Remission Program

Many Canadian producers of automotive parts must purchase substantial quantities of new machinery and equipment in order to upgrade their manufacturing facilities as quickly as possible to meet model changeover schedules and to fulfill contract obligations. In some instances, Canadian manufacturers of production machinery are unable to meet all of the needs of the automotive producers with the consequence that parts producers have had to increase imports of certain equipment.

To help reduce the costs of Canadian parts makers, and thus to improve their ability to compete for North American markets, the Adjustment Assistance Board remitted duties on imported production machinery and equipment which were not available from Canadian manufacturers within the time needed to meet production schedules. As a result, parts makers, producing a wide variety of components, were able to improve their ability to compete and were also exporting substantial quantities of components in addition to supplying domestic markets.

BEAM PROGRAM

The Building Equipment, Accessories and Materials Program (BEAM) has been successful in defining some of the major needs of the construction industry amongst which are the need for better information, for greater industrialization and for an increase in the rate of innovation. Areas for joint government-industry cooperation have been identified and several projects aimed at increasing the productivity and efficiency of the construction industry have been undertaken.

Construction Information

A report entitled "Feasibility Study on the Establishment of a Comprehensive Construction Information System" was undertaken with the assistance of the Industry Advisory Committee on Construction Information Systems. Subsequently, the Committee requested the federal government to foster the establishment of a practical information system for the Canadian construction industry. It also recommended that the Department develop the specific requirements for such a comprehensive information system and, in conjunction with industry groups, establish a means of introducing and financing the system as a continuing and expanding service.

As a result of these recommendations, a long-term program to develop a construction information system was initiated by the Department which involves:

- The preparation of an English and French language thesaurus of construction terms to aid the inquiry, indexing, storage and retrieval processes.
- The development and preparation of performance specifications for the establishment and operation of a construction information system. Studies on information systems designs, marking, costs and performance are included, together with the experimental use of an operating information system model.
- A review of existing formats and media for the dissemination of technical production information in cooperation with industry groups.

Outside consultants were selected at the end of the fiscal year under review to develop the thesaurus and to prepare the performance specifications for the establishment of a comprehensive construction information system.

Modular Coordination

An intensive educational and promotional program was implemented to assist industry in adopting the concept of modular coordination. The use of dimensional coordination, based on the four-inch module, in all sectors of the construction industry increased during the year. The federal Department of Public Works announced that, as of March 31, 1969, all federal buildings would be designed on this concept. The provincial

Departments of Public Works of Ontario and of British Columbia have also announced that they were "going modular". Many others were making use of this method of standardizing dimensions of building components in order to reduce the number and variety of manufactured sizes and to facilitate their assembly on site.

A series of modular clinics to familiarize manufacturers, designers and contractors with the techniques of modular construction were undertaken. To date, some 75 clinics have attracted more than 3,000 participants.

A Directory of Modular Components fabricated in Canada was prepared for publication.

A study on the need to develop industry-wide modular dimensional standards also was initiated.

Industrialization

A National Conference on "A Systems Approach to Building", co-sponsored by the Royal Architectural Institute of Canada, the Association of Consulting Engineers of Canada and the Canadian Construction Association, was held in Ottawa on April 29 and 30, 1968.

The Conference was attended by over 500 leaders of the construction industry, and authorities from Canada, the United States and Europe participated in the program. Conference proceedings were edited and published in English and in French and more than 3,000 copies have been distributed.

The Industry Advisory Committee on Industrialized Building Techniques and Systems met twice during the year and recommended that regional seminars be held across Canada to promote the concept of "A Systems Approach to Building". These seminars will take place in the Fall of 1969.

Building Regulations

Wider adoption of the National Building Code throughout the country was promoted during the year as well as the establishment of a program to develop performance standards and a method of assessing and certifying new products and systems.

A comprehensive index of construction standards was developed in association with the Canadian Government Specifications Board and the Specification Writers Association of Canada. This index will be published as a CGSB document.

Officers have worked with the Canadian Building Construction Index Committee in revising, developing and ratifying the Building Construction Index in order to produce a unified document compatible with the Department's study on construction information systems.

Industry Design Promotion

A publication was prepared for distribution to all architectural and engineering firms, illustrating the new materials, techniques and systems developed or used for Expo '67 for the first time in Canada.

THE SHIPBUILDING AND SHIP REPAIRING INDUSTRY

Production levels at Canadian shipyards were substantially lower during the year than those reached in previous years as a result of a saturation of the market for several major classes of commercial and fishing vessels. Contracts were received, however, for a new class of naval vessel and for two types of oil drilling rigs, in addition to a number of smaller orders.

The importance of marine science and technology is being increasingly recognized throughout the world. With its extensive off-shore and inland water resources, Canada is well endowed to participate in this new frontier. A number of firms have entered this field and have developed new products to meet the needs of this developing science.

The Canadian shipbuilding industry has been giving serious consideration to the consolidation of its activities into more economic units, reflecting a trend now evident in all major shipbuilding countries. As a result of this reappraisal, two large shipyards closed down during the past year. Additional rationalization within the industry in future years is in prospect.

Boat builders experienced a satisfactory year as a result of the high level of domestic and foreign demand for Canadian pleasure craft.

INDUSTRY-GOVERNMENT COOPERATION

Close working relationship between government and industry is essential to the formulation of programs designed to improve performance in all industry sectors. The following are examples of some of the significant joint projects undertaken during the year.

Investment in electronic computing equipment and services expanded at an increasing rate and it is estimated that within ten years about 10 per cent of all Canadian investment in plant and equipment will be for computers and associated equipment. Accordingly, a number of seminars were sponsored by the Department to encourage greater use of advanced control techniques in the fabricating industries. The Department also cooperated with industry associations and the federal Department of Manpower and Immigration in the development of courses to further the use of advanced control systems in the processing industries. One such course on the application of computer control to the minerals industry will be given at various mining centres across Canada by the Canadian Institute of Mining and Metallurgy.

In association with the Canadian electronics industry, studies were launched to determine ways in which Canadian participation in the supply of computing equipment, and especially in the research and development area, could be brought to a more appropriate level.

The Department participated in the work of a committee set up by the Canadian Electrical Association through which Canadian electrical manufacturers discussed with the utilities the long-range trends in the industry and explored past problem areas relevant to the supply of electrical apparatus.

As a result of a Department study of the wire and cable industry, the Canadian Electrical Manufacturers Association has established committees to study the problems identified by the study.

The services of the Institute of Quantitative and Social and Economic Policy Analyses, University of Toronto, were engaged to make recommendations on what the role of the federal government should be in assisting the Canadian appliance industry to improve its productivity and to take advantage of unrealized potential. Since the report is also expected to include recommendations to the appliance industry, it should form a basis for close government-industry cooperation as a result of which a program for improving the industry's competitive position can be undertaken.

Another means of facilitating industry-government cooperation explored with industry was the encouragement of a national metalworking forum. This will enable the diverse groups in the industry to organize more concerted approaches to their problems. Discussions also took place with industry and universities to determine the desirability of initiating experimental study sessions to examine constraints affecting expansion of Canadian production and exports in the metalworking

field. A study aimed at promoting greater consensus in the metalworking industry regarding the importance and feasibility of a systematic approach to product development was also inaugurated.

With the support and assistance of the chemical industry, the Department undertook a comprehensive chemical industry study which, when completed, will consist of an assessment of the present and potential competitiveness of the industry with its counterpart in other countries, particularly the United States, and of the value of the chemical industry to the Canadian economy. These assessments will be accompanied by a number of support studies, some of which will describe the cost of the factors of production employed by the industry, and by others which would compare environmental factors influencing the industry's competitiveness in Canada and in other countries. The results of the study will provide working documents for participants from the chemical industry and the federal government in their continuing joint examination of ways to improve the competitive position of the chemical industry, and to increase its contribution to the economy.

A detailed comparative advantages study undertaken by the Apparel and Textiles Branch and supported by the industry's textile advisory committee was completed. Analytical work progressed to determine the nature and extent of competition faced in both domestic and export markets.

The Canadian leather footwear industry also formed an advisory committee to act as a working link between the Department

and the constituent members of the leather manufacturing sector. The committee assisted the Department in conducting an in-depth study designed to evaluate the sector's productivity and to identify possible means by which necessary improvements might be effected.

An advisory committee was formed by the Canadian clothing industry and worked closely with the Department in an effort to solve the many problems facing this industry. One of its major aims was to ensure that necessary measures were taken to increase export market penetration.

A manual and directory of the Brass and Bronze Foundries and Ingot Makers in Canada - 1968 was prepared in cooperation with the Canadian Copper and Brass Development Association and the Ingot Makers' Committee of the Canadian Secondary Materials Association. This publication provides a much needed directory covering sources of ingot supply and foundry facilities across Canada.

A comprehensive study of the confectionery industry was undertaken in association with the Confectionery Association, to determine the efficiency of the industry and its problem areas and to examine methods of overcoming these problems.

The Joint Canadian Institute of Food Technology/Department of Industry Study to determine the need of industry for trained food scientists has resulted in the formation of the Canadian Food Industry Scholarship Fund. The Fund, jointly subscribed to by the food industry and the Department, will sponsor more than ten \$1,000

scholarships in the academic year 1969-70, tenable at the Universities of British Columbia, Alberta, Manitoba, Guelph and Laval.

TECHNICAL MISSIONS

During the year the Department sponsored a technical mission to the United Kingdom and Western Europe in cooperation with the Canadian Forging Association, and arranged another mission of Canadian appliance manufacturers to Italy. The purpose of these activities was to bring to the attention of Canadian industry those technical advances being made abroad which might be profitably adapted to industrial operations in this country.

DEPARTMENT OF INDUSTRY
FINANCIAL STATEMENT
FOR THE YEAR ENDED MARCH 31, 1969
STATEMENT OF EXPENDITURES

Vote 1 - Departmental Administration

Salaries and Wages	\$ 7,491,477
Travel and Removal Expenses	401,253
Industrial Missions Non-Government Travel	40,435
Freight, Express and Cartage	29,233
Postage	1,565
Telephones and Telegrams	217,217
Publication of Departmental Reports and other material	130,476
Exhibits, Displays, Advertising and Visual Aids	245,467
Professional and Special Services	1,333,330
Rental of Office Equipment	39,085
Repairs and Upkeep of Equipment	628
Office Stationery, Supplies and Equipment	289,098
Materials and Supplies	7,862
Acquisition of Office Furniture and Fixtures	225,403
Expenses of Conferences, Seminars and Sundries	18,483
	<hr/>
	\$ 10,471,012

Vote 3 - Grants to promote industrial development 420,515

Vote 5 - To develop and sustain the technological
capability of Canadian defence industry 29,588,995

Vote 10- To advance the technological capability of Canadian
manufacturing (non-defence) industry 4,303,861

Vote 15- Capital subsidies for the construction of commercial
and fishing vessels 22,333,021

Statutory

Minister of Industry - Salary	\$ 3,951	
- Motor car allowance	527	4,478

General incentives to industry for the expansion of scientific research and development in Canada	19,592,411	
	<hr/>	\$86,714,300

STATEMENT OF REVENUE

Interest received on laons to assist manufacturers of automotive products	\$ 1,203,719
Refunds of previous years' expenditures	806,071
Royalties re Otter Aircraft.	340,470
Royalties re Buffalo Aircraft	70,000
Miscellaneous	<u>3,225</u>
	<u>\$ 2,423,485</u>

STATEMENTS OF LOANS, INVESTMENTS AND ADVANCES

Loans to assist manufacturers of automotive products in Canada	\$ 5,578,856
Advances to assist Canadian defence industry with plant modernization	<u>5,434,144</u>
	<u>\$11,013,000</u>

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Annual Report of the Department of Industry, Trade and Commerce

April 1, 1969 to March 31, 1970



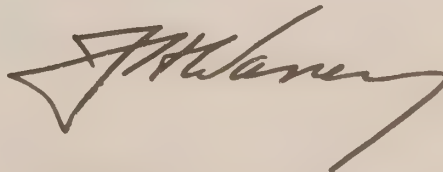
OTTAWA, March 29, 1971

The Honourable Jean-Luc Pepin
Minister of Industry, Trade and Commerce
Ottawa, Canada

Dear Sir:

I have the honour to submit the annual report
of the Department of Industry, Trade and Commerce,
covering activities during the period April 1, 1969 to
March 31, 1970.

Respectfully submitted

A handwritten signature in dark ink, appearing to read 'J. H. Warren', with a stylized, sweeping flourish extending from the end of the name.

J. H. Warren
Deputy Minister

OTTAWA, March 29, 1971

To His Excellency
The Right Honourable Roland Michener, C.C.
Governor General of Canada

May it please Your Excellency:

I have the honour to submit to Your Excellency the annual report for the Department of Industry, Trade and Commerce covering the period April 1, 1969 to March 31, 1970.

This is the first report of the Department since the merger between the Department of Industry and the Department of Trade and Commerce became effective on April 1, 1969. A summary of the new Department's policies, activities and services rendered is laid before Your Excellency.

Respectfully submitted

A handwritten signature in dark ink, reading "Jean-Luc Pepin". The signature is written in a cursive style with a large, sweeping initial "J" and a long, horizontal flourish at the end.

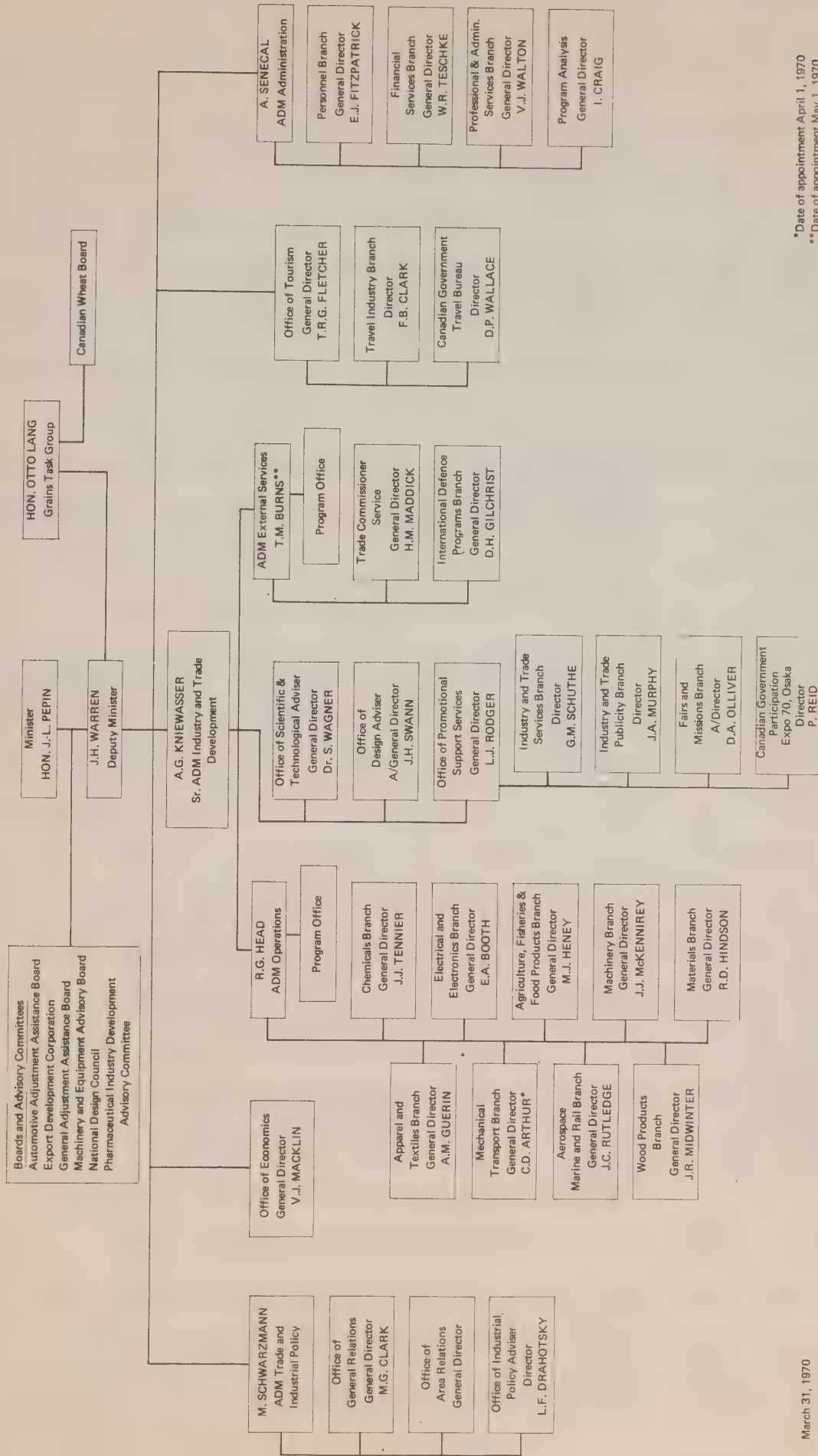
Jean-Luc Pepin
Minister of Industry, Trade
and Commerce

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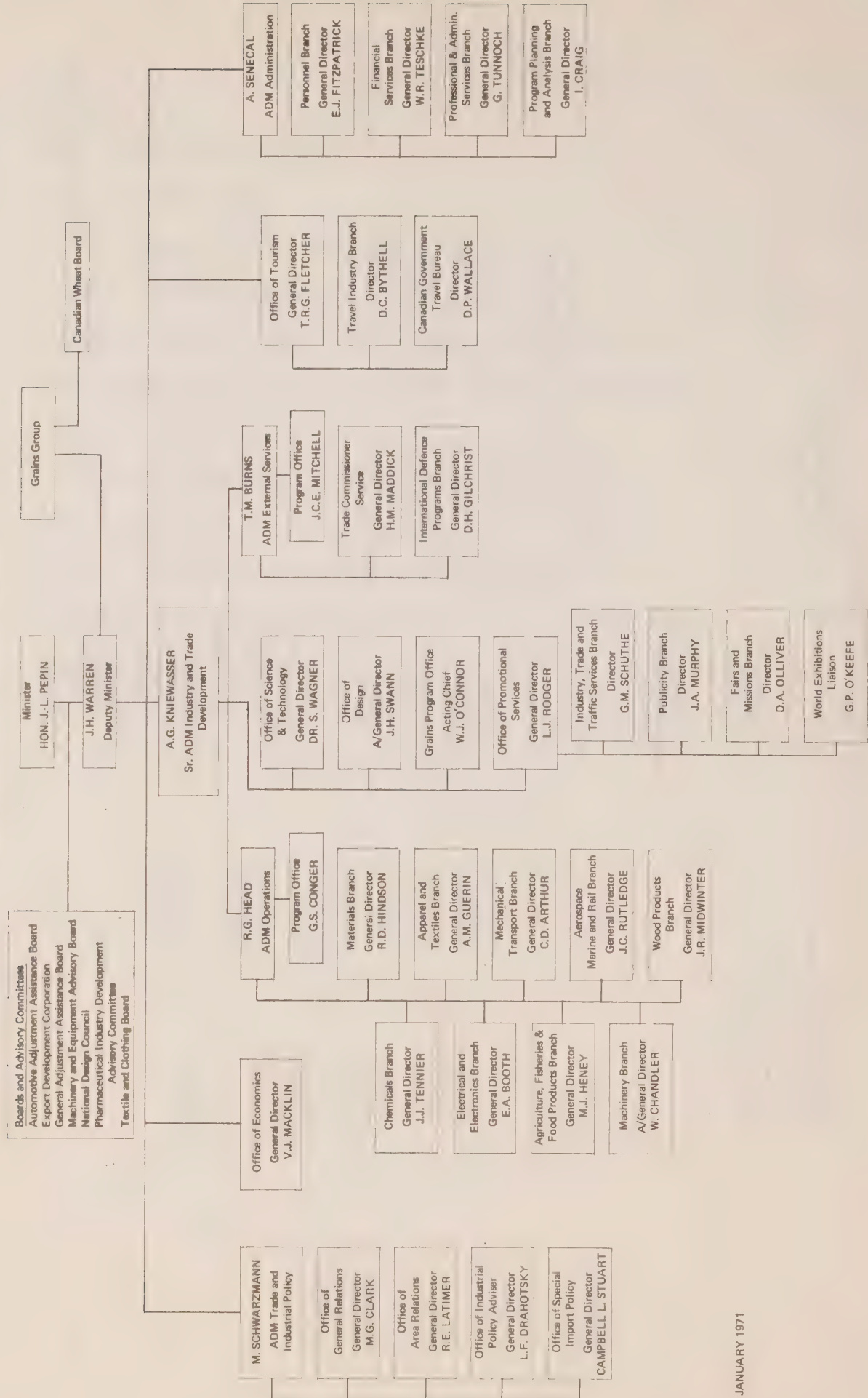
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DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE



* Date of appointment April 1, 1970
 ** Date of appointment May 1, 1970

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE



INTRODUCTION

The Department of Industry, Trade and Commerce came into existence on April 1, 1969 following passage of the Government Organization Act of 1969.

The manpower and financial resources of the new Department were drawn primarily from a merger of the former Departments of Industry and of Trade and Commerce.

The Prime Minister's announcement of the merger said "This will result in one Department capable of developing policy and providing a full and balanced range of services to both business and government in the industrial and trade development field."

This report covers the activities of the Department during its first full year of operation, from April 1, 1969 to March 31, 1970 and comments on its objectives, and the structures and programs created to achieve these objectives.

Legislative Base

The duties, powers and functions of the Minister of Industry, Trade and Commerce extend to and include all matters over which the Parliament of Canada has jurisdiction, not by law assigned to any other department, branch or agency of the Government of Canada, relating to

- (a) manufacturing and processing industries in Canada;
- (b) tourism; and
- (c) trade and commerce generally.

The legislation defines duties and powers as follows:

- (a) promote the establishment, growth and efficiency of manufacturing, processing and tourist industries in Canada, contribute to the sound development and productivity of

Canadian industry generally and foster the expansion of Canadian trade;

(b) develop and carry out such programs and projects as may be appropriate to .

(i) assist manufacturing and processing industries to adapt to changes in technology and to changing conditions in domestic and export markets,

(ii) assist manufacturing and processing industries to develop their unrealized potential, to rationalize and restructure their productive facilities and corporate organizations and to cope with exceptional problems of adjustment, and

(iii) promote and assist product and process development and increased productivity, the greater use of research, the application of advanced technology and modern management techniques, the modernization of equipment, the utilization of improved industrial design and the development and application of sound industrial standards in Canada and in world trade;

(c) improve the access of Canadian produce, products and services into external markets through trade negotiations and the promotion of trade relations with other countries and contribute to the improvement of world trading conditions;

(d) promote the optimum development of Canadian export sales of all produce, products and services;

(e) provide support services for industrial and trade development, including information, import analysis and traffic services;

(f) analyze the implications for Canadian industry, trade and commerce and for tourism of government policies related thereto

in order to contribute to the formulation and review of those policies;

(g) compile and keep up to date detailed information in respect of manufacturing and processing industries in Canada and of trends and developments in Canada and abroad relating to Canadian industrial development and trade; and

(h) promote the optimum development of income from tourism and compile and keep up to date detailed information in respect of the tourist industry and of trends and developments in Canada and abroad relating to tourism.

Implicit in the Department's mandate is the recognition that promotion of the orderly growth of manufacturing, processing and tourism must be approached in an integrated manner.

The concept of support to the growth of Canadian industry through the whole of the product cycle including research, development, production and marketing has shaped the structure and programs of the new Department.

The Boards, Crown Corporations and Agencies which report to Parliament through the Minister of Industry, Trade and Commerce are listed in Appendix J; and the Statutes for which the Minister is responsible are listed in Appendix K.

Planning, Programming and Budgeting

During its first year of operation the Department introduced the planning, programming and budgeting systems (PPB) into all elements of its programs and activities.

To facilitate the implementation of PPB the Department established a Program Planning and Analysis Branch to develop uniform systems of planning and to provide guidance to personnel in the application of the system.

Under the PPB approach, four major programs were identified which embrace all the activities defined in the Department's legislative mandate:

- Industry and Trade Development Program
- Tourism Program
- Grains Program
- World Exhibitions Program.

Organization

The Department of Industry, Trade and Commerce is structured to bring an integrated approach to its mandate to further the development of Canadian industry, trade and tourism.

Under the Deputy Minister, a Senior Assistant Deputy Minister is responsible for nine operational branches oriented towards particular sectors of Canadian industry, the Department's external services and other branches and units whose primary functions relate to industry and trade development.

The nine industry sector branches, headed by an Assistant Deputy Minister, have five principal tasks: study and analysis, program formulation, administration of assistance programs and trade and industrial development service to the Canadian business community.

External Services, under an Assistant Deputy Minister, comprise the Trade Commissioner Service and the International Defence Programs Branch and are responsible for carrying out the Department's industry and trade development programs in foreign countries and for assisting the business community in dealing in foreign markets.

The other related areas under the Senior ADM, Industry and Trade Development, include the Office of Science and Technology, the Office of Design, the Grains Program Office and the Office of Promotional Services which has responsibility for industry and trade services, fairs, missions, publicity and world exhibitions.

The Assistant Deputy Minister, Trade and Industrial Policy is responsible to the Deputy Minister for activities related to the improvement of the domestic and international economic environment. These responsibilities are divided among the Offices of Area Relations, General Relations, the Industrial Policy Adviser, and Special Import Policy. These offices are concerned with the development of international and domestic commercial and industrial policies and with furthering international trade and economic relations.

The Tourism Program is the responsibility of a General Directorate which comprises the Canadian Government Travel Bureau and the Travel Industry Branch. The Canadian Government Travel Bureau promotes travel within Canada by both residents and non-residents and co-ordinates its foreign promotional activities with those of professional agencies and private interests. The Travel Industry Branch is interested primarily in the domestic travel industry and its needs for efficient growth and development as a sector of the Canadian economy.

Departmental Administration is under the direction of an Assistant Deputy Minister responsible for personnel, financial services, professional and administrative services and program planning.

The Advisory Council

The Minister's Advisory Council consists of approximately 40 senior representatives of Canadian business and industry, and the academic community. Its role is threefold: to examine and review the policies, programs and services of the Department; to evaluate the extent of knowledge and use of the Department's industrial and trade programs and services in the Canadian business community; and to recommend means of stimulating and maintaining interest in the Department's activities on the part of management in industry, business, trade, education and the professions.

The Advisory Council met three times during the past year. One of the significant areas in which its advice was sought was the Department's five-year program forecast and the proposed allocation of resources for that period.

Membership of the Advisory Council is listed in Appendix M.

INDUSTRY AND TRADE DEVELOPMENT PROGRAM

The objective of this program is to achieve efficient and sustained growth in the production of Canadian goods and services. It includes five activities which relate to the principal phases of the product cycle and the environment in which it takes place:

1. Domestic-International Environment
2. Product Innovation
3. Production Efficiency
4. Market Development
5. Administration

Domestic-International Environment

It is an important part of the Department's task to help develop the most favourable economic environment, both in Canada and abroad, for sustained growth in the production and trade of Canadian goods and services.

Environmental improvement is a complex activity, cutting across organizational levels and involving many segments of the Department.

The Offices of Area Relations, General Relations, Special Import Policy, Industrial Policy Adviser, and Economics are the units most directly concerned. They participate in the formulation of Canadian policies for the development of trade and economic relations with other countries and international organizations, and for the financing of exports. In the domestic field they are responsible for developing industrial policies to increase the productivity, efficiency and competitive capability of Canadian industry.

The Office of Area Relations plays a major role in the conduct of bilateral trade relations including the negotiation of trade agreements. It advises Canadian exporters on foreign tariffs, trade regulations and other conditions of access. (See Appendix I for details of trade and tariff arrangements in force as of March 31, 1970.)

The Office of General Relations is responsible for the development of general trade policies; relations with international organizations concerned with trade including the multilateral negotiation of improved conditions of access to foreign markets; providing advice on policies and procedures in external aid, export credits and other financial arrangements, and on the impact of Canadian measures on our international trade interests; and policy planning and negotiations of intergovernmental commodity agreements.

The Office of Special Import Policy deals with trade relations problems arising from injurious imports from low-cost countries.

The Office of the Industrial Policy Adviser is primarily concerned with developing policies and guidelines to stimulate the growth, efficiency and competitiveness of Canadian industry both at home and abroad.

The Office of Economics keeps abreast of current and prospective developments in the world economy and the Canadian economy. It examines developments in particular sectors, and conducts detailed analyses of various aspects of economic development with a view to assessing economic performance. It provides background and perspective for the formulation of government and departmental priorities and programs, and examining the implications of alternative courses of action.

The activities of the Department in influencing and improving the domestic-international environment take various forms. Projects carried out during the past year included:

Textile Policy Review

A comprehensive review was undertaken in March 1969 of the problems which confront the various sectors of the textile and clothing industries. Inherent in this review was an analysis of the actual and potential competitive position of these industries on both domestic and international markets. Their viability in relation to production by low-cost countries was evaluated, with particular reference to the rapid growth of Canadian imports from those countries. Trade prospects, as well as barriers were identified and related to the long-term markets available to the industries. Following this review a textile policy for Canada was submitted to the government for enactment in 1970/71. The new policy is designed to provide textile and clothing manufacturers with an environment conducive to the rational development of economic production in Canada on an internationally competitive basis.

Machinery

Much of the activity was directed at improving the industrial and trading activity for Canadian machinery and equipment manufacturers. The Machinery Program (which extends tariff remissions on imported machinery not available from Canadian production) was extended to cover a number of temporary tariff items which were not renewed on expiry. Studies to identify benefits of further expansion of this Program are in process. Other positive steps were taken in respect of: problems caused by concessional financing practices of foreign machinery suppliers; proposed changes in United States tariffs on machinery exports; Tariff Board recommendations on mechanical equipment tariffs; foreign contracts for Canadian engineering consultants; improved marketing for Canadian heavy equipment in Europe; and encouraging the acquisition of Canadian-produced machinery under the DREE grant program.

Electronics

Studies of this industrial sector included participation in the proceedings of the Telecommission (a body appointed in 1969 by the Communications Department to investigate telecommunications, past and future in Canada). Particular attention was given to the role of the communication utilities in the growing computer service industry.

The potential of a national space communications policy for industrial development was examined; in this connection policy formulation suggestions were made towards the creation of Telesat Canada Corporation - a government-carrier company that will eventually sell shares to the public.

The demand in the United States and Canada for air traffic control and radio navigation aids for the period 1970-80 was investigated and a recommendation made for a cooperative program of research, development and production in this field.

Food Products

The Department instituted a joint program in cooperation with the Canadian Institute of Food Technology and firms in the food industry to sponsor 14 scholarships for undergraduate studies in food science, with the goal of increasing the number of skilled food scientists in Canada.

Standards

A Standards Council of Canada was proposed to promote and coordinate voluntary standardization measures in Canada and the country's participation in international standardization activities. Bill C-163, providing for the establishment of the Council, was given first reading in Parliament on March 12, 1970.

Metric Conversion

Following the January, 1970 publication of the Government White Paper on Metric Conversion in Canada, the Department has taken steps towards the establishment of a Preparatory Commission. This will be a fulltime body which will advise on and coordinate planning of the conversion process.

Product Innovation

To be successful in the highly competitive world markets of today, and to anticipate the demands of tomorrow, Canada's manufacturing and processing industries must employ the most up-to-date technology. They must also be ready with new products and processes; and be able to maintain production line flexibility.

The Department's programs to interest and assist the various segments of Canadian industry in these objectives fall under several headings:

Industrial Research and Development Incentives Act (IRDIA)

The principal objective of the IRDIA Program is to stimulate expansion of scientific research and development within Canadian industry.

Under this Act, Canadian corporations are entitled to apply to the Department for a cash grant or for a credit against their federal income tax liabilities amounting to 25 per cent of:

- (a) all their capital expenditures (for the acquisition of new property other than land) for scientific research and development in Canada; and
- (b) the increase in their current expenditures in Canada for scientific research and development over the average of such expenditures in the preceding five years.

During the year ending March 31, 1970, 638 applications for grants were processed and 66 previously completed applications were reassessed resulting in grants totalling \$23,078,000 being authorized under the Act.

Program for the Advancement of Industrial Technology (PAIT)

The basic objective of this program is to promote the growth and efficiency of manufacturing and processing industries in Canada by providing financial assistance to industrial firms for specific development projects which offer good prospects for commercial exploitation.

During 1969/70, assistance was approved to support 53 projects involving a PAIT contribution of \$10.9 million. Assistance under this program had been provided in the form of a repayable loan of 50 per cent of the cost of the development projects, however, during January 1970 the Treasury Board approved changing the basis of support from a repayable loan to a grant. It was clear by the end of the fiscal year that this change would result in substantially heightened interest in the program.

Interdepartmental Committee on Innovation

The formation of this Committee was approved by Cabinet in October, 1969. Chairmanship is provided by the Department of Industry, Trade and Commerce and membership consists of senior officials from the Departments of Communication, Energy, Mines and Resources, Finance, Fisheries and Forestry, Industry, Trade and Commerce, and Regional Economic Expansion and from the Defence Research Board, National Research Council, Science Secretariat and the Treasury Board.

The main duties of the Committee involve studying the innovation process in Canada, assessing existing government programs to encourage industrial research, development and innovation, and recommending changes which would enhance the effectiveness of these

programs. The committee held three meetings during the fiscal year which saw changes to the PAIT and IRAP programs implemented.

Defence Industry Productivity Program (DIP)

The objective of the program is to develop and sustain the technological capability of Canadian industry for the purpose of defence export sales or civil export sales arising from that capability.

Assistance in the form of a shared cost contract is provided, for specified costs of the project. Normally costs are shared equally.

The expenditure during the year to support the 189 current projects was \$48 million.

Industrial Research Institutes

The program was introduced to assist Canadian universities in establishing and administering industrial research institutes. The basic aim is to establish a framework within which universities can undertake contract research on behalf of industry.

The contribution of the Department is in the form of a grant to cover the cost of administering the institute during the initial years of operation. Institutes have been formed at the University of Windsor, McMaster University, University of Waterloo and Nova Scotia Technical College. Negotiations are underway for the organization of two more institutes.

Fashion Design Assistance Program

On the basis of study and consultation with the provincial governments and industry associations, a Fashion Design Assistance Program was developed to stimulate fashion design in the Canadian clothing, textile, leather and footwear industries.

Industrial Design

Final details were completed for the introduction, early in 1970/71, of the Industrial Design Assistance Program (IDAP).

The terms of reference were established and initial research well advanced for the development of a design education "framework". The framework will cover all levels of education from primary school to university. The intention is to assist in the introduction of this basic design education framework on a national basis early in 1971. Also started and well developed is the basic criteria upon which specialized management training courses will be created. They are intended to inform both middle management and decision makers in industry about the value of including industrial design in their organization structure, and how to go about doing it. Assistance in introducing pilot courses will be provided early in 1971.

During 1969, 500 Canadian products were individually evaluated for design quality. Confidential critiques were sent to the manufacturers as an aid to production efficiency and design improvement.

Scholarships totalling \$65,000 were awarded to 25 students for advanced studies in industrial design.

The National Design Council and its various subcommittees met ten times during 1969. Two of the subjects that were discussed related to ways and means of extending the usefulness and impact of the Council. This resulted in a recommendation to change the operational terms of the Council, and to undertake a review of the National Design Council Act in preparation for recommending revisions in the light of present and future activities and needs.

Production Efficiency

The Department promotes efficiency within manufacturing and producing industries in various ways including direct assistance programs and studies designed to improve productivity. These studies frequently form the base for future policy initiatives or support programs directed to industry.

Program Activities

Pharmaceutical Industry Development Assistance (PIDA)

PIDA is designed to increase the efficiency of the manufacturing and marketing of pharmaceutical products in Canada and involves loans and grants in aid of feasibility studies for expansion, merger or re-organization. During the year, 17 inquiries and applications received resulted in approval of loans totalling \$300,000.

Machinery Program

The Machinery Program allows users of machinery to acquire capital equipment at the lowest possible cost and, at the same time, enables machinery producers to derive maximum incentive and encouragement from the tariff. Where machinery is not available from production in Canada and remission is in the public interest, all duty on value in excess of \$500 may be remitted. During 1969-70, approximately 18,000 individual applications were processed and \$60,000,000 remitted.

General Adjustment Assistance Program (GAAP)

The objective of this program is to assist Canadian manufacturers to adapt to changes in the world trading environment occasioned by the Kennedy Round. Its aim is to help manufacturers to take advantage of export opportunities arising from these changes.

It is also designed to help manufacturers to improve their competitive position in cases where they may have been seriously affected or could be placed at a serious disadvantage as a result of Kennedy Round reductions in the Canadian tariff.

Three forms of assistance are available under certain conditions: government insurance against the risk of loss on loans made by private lenders; direct government loans in special circumstances to manufacturers with sound restructuring projects but who are unable to obtain an insured loan; and grants to manufacturers who have applied for assistance and require the services of qualified consultants to develop effective adjustment proposals.

The General Adjustment Assistance Board, composed of representatives from both private industry and government, administers the program using the staff and services of the Department.

Officers of the Department advise and assist manufacturers in the assessment of export markets, the formulation of specific adjustment proposals and in the preparation of applications for assistance under the program.

During 1969/70, the Board authorized loan insurance of \$12.5 million to assist 14 manufacturers to exploit export opportunities. Consulting assistance grants totalling \$8,750 to two manufacturers to help them develop sound restructuring proposals were authorized. No applications for direct loans were considered by the Board during this period.

Automotive Adjustment Assistance Program (AAA)

Following the ratification of the Canada-United States Automotive Agreement in 1965, the AAA program was set up to help Canadian auto industry companies adjust to the new market environment. During the past year 14 loans totalling \$14.5 million were granted. These loans contributed greatly to the productive capacity and employment opportunities in the auto parts industry. In addition, remission under AAA for tooling, machinery and equipment totalled approximately \$7.4 million to 44 applicants for 1969/70.

Building Equipment, Accessories and Materials Program (BEAM)

This program attempts in a number of ways to increase productivity and efficiency in the manufacture of building equipment accessories and materials.

During the year, more than 30 clinics were held on the practice of modular co-ordination (a method of sizing the dimensions of building components and buildings on the basis of the standard four-inch module). This raised the total of such clinics to 90 over a three-year period, representing a cumulative attendance of 5,500 professionals in the industry.

Seven regional seminars on the systems approach to building were held and attended by 2,500 construction industry executives.

The general discipline and use of the National Building Code throughout Canada was promoted vigorously. Five provinces either have adopted the Code or are proposing to do so.

Industry Studies

Major studies relating to the productive efficiency of various Canadian industrial sectors were carried out during the year in two categories; those which developed data for publication and those which sought information confidential to the industry concerned for use within the Department only.

In the former group were studies of:

Leather Footwear

A major analysis of productivity was completed. A series of follow-up seminars was held to encourage the industry to undertake restructuring for increased productivity.

Hardwood, Plywood and Veneer

An in-depth study of the industry was completed and the findings published.

Furniture

A technical study, "The Furniture Plant of the Next Decade", was completed and the results discussed with industry leaders at seminars in Ontario, Quebec and Manitoba.

Food Products

Studies were completed and reports published on central meat processing systems and the processed fruits and vegetables industries. A survey of the bakery industry in Canada was completed for publication in the next fiscal year.

Studies for departmental use only were undertaken in respect of:

Construction Equipment

The findings and results of this confidential comprehensive study will be used to determine the possibilities of furthering growth in this industry sector.

Recreational Vehicles

Certain problems were revealed in the context of the present Canada-U.S. tariff structure. Proposals to overcome these problems are being formulated.

Chemicals

The study of the international competitiveness of the Canadian chemical industry was continued. A cost analysis of selected rubber products was started to identify elements contributing to low productivity.

Machinery

With the object of promoting production efficiency, assessments were undertaken of various sectors of the Canadian machinery industry including catering equipment, packaging machinery, power tools, pollution control and air conditioning equipment.

Economic Studies

The Department undertook general studies and research into the causes of the variations and changes in productivity, exploring such areas as wages, prices, capacity utilization and specialization.

Market Development

This activity, a major segment of the Industry and Trade Development Program, incorporates all the work undertaken by the Department to identify markets abroad for Canadian products and to assist Canadian manufacturers and processors in their own export sales efforts. The resources of the Department's 76 offices abroad, the industry sector branches and promotional support branches at headquarters, plus frequent consultation and participation with the private sector, are combined in the degree required to give this activity the greatest possible thrust and impact.

Some highlights of the Department's market development activities during the fiscal year were:

Market Studies

The Department on a continuing basis conducts market surveys, studies and analyses on particular industrial sectors to help Canadian industries develop their export markets along fruitful lines. Studies conducted in the fiscal year included:

- In the machinery field, market surveys of European requirements for grinding wheel machinery and a study of export opportunities in Latin America for cutting tools, dies and plastic moulds. A continuing study of foreign projects in the area of power generation identified 100 projects with potential use for Canadian equipment.
- A world market survey of Canada's position in the asbestos industry.
- Market surveys of demand for power systems, telecommunications systems and airport systems in Latin America and Asia.

- A comprehensive study of the market for Canadian furniture in the U.S. was published.

Trade Missions

The Department continued its missions program -- outgoing missions of Canadian businessmen, usually representing a single industry grouping, and incoming missions of foreign buyers who were put in direct touch with Canadian manufacturers and producers.

During the fiscal year, eight outgoing missions visited 26 countries while 13 incoming missions were sponsored from Europe, the Middle East, Latin America and the Pacific Rim countries (see Appendix G for detailed listing of missions).

In addition to the formal missions program, visits of some 300 foreign businessmen to Canada were arranged to take advantage of marketing opportunities that arose during the year.

Trade Fairs

Each year the Department plans and implements Canadian participation in various trade fairs throughout the world covering a wide range of products and services. The fairs may be "vertical" -- confined to a specialized sector of industry and generally open only to trade visitors; or "horizontal" -- covering a broad spectrum of goods and services and usually open also to the general public. Canadian representation must be suited to each type.

Participating Canadian companies share a part of the expense and provide product samples and company personnel to man exhibits.

In-store promotions are also used to display and sell Canadian goods abroad.

During the fiscal year, the Department organized 50 such events in which 822 Canadian firms participated. These firms estimated \$56 million in immediate export sales as a direct result as well as substantial long term prospects which cannot yet be accurately estimated. (See Appendix # for detailed listing of trade fairs and related promotional activities.)

Export Publicity

The Department carried out a continuing program to disseminate information abroad about Canadian products and services for export. During the year 16 export promotion catalogues and directories relating to particular sectors of Canadian industry were produced and distributed.

Nineteen issues of the Department's trade promotion newspaper "Canada Courier" were produced in five languages and sent to 200,000 readers abroad.

Three export promotion films were commenced. One, on Canadian vocational school equipment, was completed. The remaining two -- on airports for export and Canadian cattle -- were scheduled for completion in 1970/71.

Defence Products Marketing

The Department is responsible for the marketing of Canadian defence products through the staff of the International Defence Programs Branch in Canada and abroad. Through its marketing activities, the Department ensures that the maximum economic and technological benefits accrue to Canada to offset the import content in Canadian defence expenditures.

Economic Studies

The Department continued to publish market share analyses, designed to give perspective on Canada's changing position in relation to principal competitors.

A program of analysis of international regional trading patterns identifies and assesses significant changes in the pattern of world trade and Canada's participation. In 1969, a series of in-depth studies of the Japanese market was completed.

Exporters Directory

The Exporters Directory, a comprehensive listing of the products of 6,700 Canadian firms engaged in or interested in export trade was revised and compiled in five volumes. This detailed information is made available to the Department's offices abroad and departmental officers in Canada. During the year 767 new firms registered with the directory. Steps are being taken towards the creation of a comprehensive data bank which will improve and extend the product sourcing capability of the Department and through the use of modern methods and equipment provide commercial information quickly and efficiently.

Offices Abroad

A vital element in the Department's market development work is the network of offices throughout the world maintained by the Trade Commissioner Service. At the end of the fiscal year the Service had 76 posts in 52 countries with a total staff of approximately 700 including all foreign posts and headquarters in Ottawa.

Additional opportunities for Canadian products and services in the highly active markets of the central United States were provided with the opening of new offices in Buffalo and Minneapolis. At the same time plans were formulated to open or reactivate three additional offices overseas.

Offices in Canada

At year end, the Department maintained eight regional offices in principal centres of Canada including one in Regina, opened in June 1969. Another office was scheduled to open in Fredericton early in the new fiscal year. These offices provide an immediate point of contact for Canadian businessmen with the Department and provide advice and assistance

on matters relating to industrial development and trade promotion in their respective areas. In addition, the offices made an important contribution to the planning and executing of trade promotion projects and in maintaining liaison with provincial government departments, trade associations and others interested in international trade in their regions.

GRAINS PROGRAM

Under the Temporary Wheat Reserves Act a payment of \$66 million was made to the Canadian Wheat Board. This sum represented the storage costs on wheat stocks held by the Board in excess of 178 million bushels at the beginning of the crop year.

\$13 million was paid to the Canadian Wheat Board under the Prairie Grain Advance Payments Act representing interest on cash advances made to grain producers in western Canada. A payment was also made in the fiscal year 1969/70 in the sum of \$40 million in respect of deliveries made in the fiscal year 1968/69 of wheat, barley and oats which figured in the pool accounts for the crop year ending July 31, 1969.

These payments by the Government covered the difference between initial payments and the actual prices received for the grains. It was the first time in the history of Canadian Wheat Board operations that a deficit occurred for wheat and barley.

Grain Marketing

The need for an overall review of grain policy resulted in the appointment of The Honourable Otto E. Lang, Minister Without Portfolio, as Minister Responsible for the Canadian Wheat Board, devoting his full time to grain marketing and handling.

The Grains Division collaborated closely with the new Grains Group and continued to carry out its responsibilities in

co-operation with the Canadian Wheat Board, the Ontario Wheat Producers' Marketing Board, the Board of Grain Commissioners, the Trade Commissioner Service, the Canadian International Development Agency and the private grain trade.

Revised and expanded credit facilities implemented following a review of this aspect of marketing and increases in food-aid to developing countries assisted in maintaining Canada's share of the world grain market.

TOURISM PROGRAM

The major objective of the Tourism Program is to promote the expansion of the tourism industry in Canada and to attract tourists to Canada through a comprehensive information and promotion service.

There are two elements involved in tourism: travel and travel industry capacity. The first embraces foreign visitors to Canada, and domestic travel by Canadians. The second includes natural resource attractions, man-made facilities, services for the traveller, available events, and the activities of all levels of government and the private sector which are concerned with tourism.

To improve Canada's foreign exchange earnings, the program concentrates on promoting travel to Canada, although increasing attention is being given to the promotion of travel in Canada by residents to offset the expenditures of Canadians abroad, as well as for the direct economic and social benefits which such domestic travel involves.

The program also works to encourage the growth of the travel industry's capacity to handle an increasing volume of international and domestic travel demand.

Travel Industry Development

The tourism industry is supported by this program through the development and maintenance of information relating to tourism in Canada and its analysis to determine the industry's strengths and weaknesses. Efforts are also made to improve services within the industry.

A series of seminars called "Red Carpet Canada" was held in every province in conjunction with the Canadian Restaurant Association. The aim was to encourage improved attitudes towards visitors by

management and staff of food and beverage establishments. Seminars with the same object were held with staff at border points.

A grant of \$50,000 was made to the Canadian Tourist Association to help finance its "Project Hospitality", aimed at improved community awareness of the importance of tourism.

Among important surveys conducted during the year was a domestic travel pilot study which paves the way for a major Canadian Travel Survey late in 1970.

Representatives of the Office of Tourism attended the main international tourism meetings during the fiscal year. The General Director of Canada's Office of Tourism is vice-president of the Executive Committee of the International Union of Official Travel Organizations (I.U.O.T.O.).

Travel Marketing

Through a network of 25 Canadian travel promotion offices in the United States and in seven other countries, and extensive advertising, publicity and promotion programs, 2.2 million enquiries were elicited, representing 6 million prospective visitors to Canada. Direct mail, sent by computer-printer from Ottawa to 5,000,000 prospects in the United States, accounted for 553,000 of these enquiries.

In 1969, visitors to Canada spent \$1.074 billion -- an increase of eight per cent over the previous year. Expenditures by Canadians abroad increased by 27.5 per cent to \$1.29 billion.

During the past year, new emphasis was placed on encouraging travel agents and tour operators to promote group travel to Canada through package tours, special interest tours and conventions.

Surveys were made to assess the travel potential for Canada in the southern United States and in Latin America. A small mission was sent to survey each of these areas. Fifty audio-visual presentations were made to travel agents in major cities in 12 European countries.

Canada's first manual of convention facilities was published and distributed widely.

In February, 1970, 550 delegates from all sectors of the travel industry attended the First Canadian Travel Trade Congress at which 39 key resolutions were adopted. These ranged over the whole field of tourism and included a recommendation for the development of a master plan for tourism in Canada in the 1970's.

The first Canadian Travel Agents Manual was published in March, 1970. This 500-page reference book is being distributed around the world to 20,000 travel agents, tour operators and carriers.

Advertising strategy was adjusted during the year to increase the frequency of insertions in mass circulation magazines, and television was used for the first time to support the Atlantic Provinces campaign in the northeastern United States. There was also a significant increase in direct mail advertising, with emphasis placed on promoting off-season traffic.

WORLD EXHIBITIONS PROGRAM

Expo 70

The Japan World Exposition opened on 15th March with the Canadian Pavilion ready, in good order, and destined to be one of the outstanding international presentations at the exhibition. The Emperor of Japan visited the pavilion on Inauguration Day, the only foreign participation so honoured. The Canadian Commissioner General, as Chairman of the Steering Committee of Commissioners General, was the only foreigner to speak at the Inauguration Ceremony. These opening highlights were the culmination of a three-year campaign in Japan to establish Canadian pre-eminence at Expo 70. This included a long list of "firsts" for Canada - first formal commitment to participate, first site selected, first ground-breaking, topping-off and pavilion completion on site. Also mounted was an imaginative publicity program, including a six-month pre-Expo tour of Japanese prefectures, cities and schools in a converted Canadian school bus. With a photogenic pavilion of outstanding design and exhibits aimed to attract a youthful audience, the publicity effort to opening day gave Canada more media coverage in Japan than all other foreign participants combined. The opening days at the pavilion gave early promise of the outstanding success which this Canadian presentation was to achieve in the first World Exposition in Asia.

On November 27, 1969 assent was given to the Act to wind up the Canadian Corporation for the 1967 World Exhibition and to authorize the writing-off of certain costs and the deferral of certain payments connected therewith.

The responsibility for the administration of this statute was assigned by the Act to the Minister of Industry, Trade and Commerce. Steps were promptly initiated to take over all assets and liabilities of the Corporation and to make preliminary arrangements for their ultimate settlement.

At the time of take-over the audited statements recorded assets of \$200,022 and liabilities \$362,395, with other future contingent liabilities and some possible further assets yet to be assessed by the Courts.

Appendix "A"

HEAD OFFICE DIRECTORY (ON MARCH 31, 1970)

Head Office, Tower "B", Place de Ville,
112 Kent Street, Ottawa, Ontario

Minister: The Honourable Jean-Luc Pepin

Executive Assistant: S. F. Mizgala
Private Secretary: Mrs. M. Mihm
Departmental Assistant: P. E. Labbé

Deputy Minister: J. H. Warren

Executive Assistant: A. A. Lomas
Legal Adviser: A. P. Foster
Special Adviser to the Deputy Minister: Denis Harvey

Senior Assistant Deputy Minister
(Industry and Trade Development): A. G. Kniewasser

Executive Assistant: F. I. Wood

Assistant Deputy Minister (Trade and Industrial Policy): M. Schwarzmenn

Office of Area Relations

General Director: T. M. Burns

Director, United States Division: J. Stone
Director, Asia and Middle East Division: B. F. Armishaw
Director, Commonwealth Division: R. B. Nickson
Director, European Division: A. W. A. Lane

Director, Latin American Division: W. Brett

Office of General Relations

General Director: M. G. Clark

Director, Industrial Commodity Arrangements and Policy:
W. M. Miner
Director, General Relations and Special Projects:
P. T. Eastham
Director, International Financing: B. Steers

Office of Industrial Policy Adviser

General Director: L. F. Drahotsky

Chief, Industrial Policy Division: M. J. Belanger
Chief, Programs Division: M. B. Barewal

Assistant Deputy Minister (Operations): R. G. Head

Program Office - Operations

Director: G. S. Conger

Head, GAAP Program Office: P. E. Quinn

Head, IRDIA Program Office: D. A. Kellough

Head, PAIT Program Office: W. R. Graham

Aerospace, Marine and Rail Branch

General Director: J. C. Rutledge

Director, Company and Support Programs: H. R. Foottit

Director, Industry and Trade Development Programs:
G. E. Hughes-Adams

Chief, Aircraft Division: H. A. Staneland

Chief, Propulsion, Marine and Rail Division: H. Roberts

Chief, Air Division: J. L. Harrison

Chief, Marine Division: M. J. Colpitts

Chief, Rail and Propulsion Division: E. P. Bishop

Marketing Adviser: H. P. Horne

Ship Financing: H. K. McIntosh

Agriculture, Fisheries and Food Products Branch

General Director: M. J. Heney

Director: J. McNaught

Chief, Fisheries and Fish Products Division: A. J. Hemming

Chief, Fruit, Vegetables and Special Crops Division:
A. J. Stanton

A/Chief, Cereals, Bakery and Edible Oils Division:
H. T. Armstrong

Chief, Livestock, Meat and Dairy Products Division:
L. H. McMillan

Chief, Programs Division: W. R. Parkinson

Apparel and Textiles Branch

General Director: A. M. Guerin

Director: L. C. Howey

Chief, Clothing Division: H. Sherman

Chief, Textiles Division: P. A. Parker

A/Chief, Leather and Footwear Division: L. J. Henderson

A/Head, Programs Division: M. Hersh

Chemicals Branch

General Director: J. J. Tennier
Director: A. M. Tedford
Assistant Director: W. D. Dawson

Chief, Industrial Chemicals Division: G. E. McCormack
Chief, Chemical Specialties Division: H. A. Showalter
Chief, Plastics and Rubber Division: A. G. Pinard
Chief, Tourist Hospital and Education: G. W. J. Rahm
Chief, Programs Division: W. D. Dawson

Electrical and Electronics Branch

General Director: E. A. Booth
Director: T. C. Jones
Assistant Director: G. R. Logan

Marketing Adviser: R. Sangster
Chief, Electronics Division: C. D. Quarterman
Chief, Electrical Division: V. E. Tant
Chief, Consumer Products and Components Division:
P. U. Aasgaard
Chief, Special Projects Division: R. Sangster
Chief, Company Development Programs, Division I:
A. G. Carr
Chief, Company Development Programs, Division II:
J. R. Mercier
Chief, Company Development Programs, Division III:
R. J. Burns

Machinery Branch

General Director: J. J. McKennirey
Director and Secretary, Machinery Equipment Advisory Board:
W. H. Chandler
Director: J. C. Stavert

Chief, Mechanical Products Division: J. H. O'Connell
Chief, Mechanical Equipment Division: A. Chipertzak
Chief, Industry Machines and Engineering Services Division:
R. C. Wallace
Chief, Machinery Program Analysis Division: S. A. Radley
General Programs Division: R. K. McGregor
Chief, Specialist Staff: F. K. Gardner
General Analysis and Development: J. P. Reny

Materials Branch

General Director: R. D. Hindson
Director: H. R. Pinault

Chief, Iron and Steel Division: E. J. Davis
Chief, Non-Ferrous Metals Division: S. H. Rochester
Chief, Industrial Minerals Division: R. J. Jones
Chief, Construction Division: D. G. Laplante
Chief, Programs Division: H. E. Wilson

Mechanical Transport Branch

General Director: C. D. Arthur

Chief, Automotive Industries Division: J. A. McMillan
Automotive Assistance Division and
A/Sec. Adjustment Assistance Board: F. Wanko
Chief, Technological Assistance Division: J. W. Harrison
Chief, Agricultural, Construction and Special Vehicles:
Chief, Automotive Programs Division:

Wood Products Branch

General Director: K. O. Roos
Director: T. C. Arnold
Deputy Director: P. L. MacDougal

Chief, Furniture and Secondary Wood Products Division:
M. N. Murphy
Chief, Lumber, Plywood and Panel Products Division:
E. W. Smith
Chief, Pulp and Paper Division: G. C. Campbell
Chief, Printing and Publishing Division
Head, Programs Division: R. H. McGee

Assistant Deputy Minister (External Services) - D. B. Mundy

Executive Assistant: H. R. Wilson

D.I.P. Program

Chief, J. C. E. Mitchell

International Defence Programs Branch

General Director: D. H. Gilchrist
Director: D. J. Janigan

Chief, Project Marketing Division: F. Dugal
Chief, U.S. Market Development Division:
Chief, Overseas Market Development Division: W. E. Grant
Chief, Market Research and Analysis Division:
Chief, Administrative and Financial Division: C. G. Rheume

Trade Commissioner Service

General Director: H. M. Maddick
Director (Personnel): R. C. Anderson
Director (Operations and Development): H. S. Hay
Director (Finance and Administration): W. J. Collett

Assistant Deputy Minister (Administration); A. Senecal

Financial Services Branch

General Director: W. R. Teschke

Comptroller: R. L. Gibbs

Director, Financial Analysis: J. G. Sheldrick

Director, Financial Audit: J. N. Moxon

Chief, Accounting Division: G. Szalay

Chief, Program Budget Division "A": T. C. Williamson

Chief, Program Budget Division "B": J. J. Power

Office of Personnel

General Director: E. J. Fitzpatrick

Bilingual Adviser: P. Beaudet

Director, Personnel Staffing and Development Division:
R. K. Cox

Director, Classification Division: G. E. Morrissey

Chief, Staff Relations Division: L. Martin

Chief, Personnel Administrative Services: A. Fitzpatrick

Professional and Administrative Services Branch

General Director: V. J. Walton

Executive Director: C. Drolet

Director: Management Consulting: G. V. Scully

Director: Operations: D. R. Demers

Director: Materiel and Property Management: R. J. Powell

Director: Data Management: G. Walton

Program Planning and Analysis

General Director: I. R. Craig

Office of Promotional Services - L. J. Rodger - General Director

Fairs and Missions Branch

Director: D. A. W. Olliver

Chief, Fairs Division: W. P. Schutte

A/Chief, Missions Division: B. Choquette

Industry, Trade and Traffic Services Branch

Director: G. M. Schuthe

Deputy Director: C. Varkaris

Chief, Industrial Traffic Services Division: H. A. Hadskis
Chief, Export and Import Permits Division: S. G. Barkley
Chief, Import Analysis Division: J. G. MacKinnon
Chief, Industrial and Trade Inquiries: K. E. Hacker

Publicity Branch

Director: J. A. Murphy
Assistant Director (International Operations): K. A. Prittie
Assistant Director (Canadian Operations): R. H. Tippet

Chief, International Division: K. V. D. Gardner
Chief, Canadian Division: B. T. McLaughlin
Manager, News Services: R. M. Shaw
Manager, French Language Editorial Services: C. Bruyere
Chief, "Foreign Trade" Division: Miss O. M. Hill
Chief, "Canada Courier" Division: P. Bomford
Chief, Special Publications Division: J. K. Purvis
Chief, Graphics Division: R. H. Williamson

Canadian Government Participation Expo '70, Osaka

Commissioner General: P. Reid

Deputy Commissioner General: J. Oceau
Deputy Commissioner General (Operations): J. C. Vaast

Office of Science and Technology

General Director: Dr. S. Wagner
Special Assistant: M. R. M. Dale

Director (Policy): H. C. Douglas
Director (Scientific): R. K. Brown

Office of Economics

General Director: V. J. Macklin
Executive Co-Ordinator: T. E. Bocking

Investment Analysis Branch

Director: J. H. Latimer
Chief, Capital Expenditures Division: A. N. Polianski
Chief, Foreign Investment Division: R. Loosmore
Chief, International Companies Division: T. Vout
Chief, Corporation Returns Division: N. Hutchinson

General Analysis Branch

Director: C. Schwartz
Chief, Overseas Analysis Division: F. A. Piscopo
Chief, Canada and United States Division: D. McKinley
Chief, General Assignments Division: H. R. Smale

Market Analysis Branch

Acting Director: A. C. Kilbank
Chief, Resource Commodities Division: R. J. Konecny
Chief, Regional Trade Patterns Division: H. D. Henderson

Productivity Analysis Branch

Director: I. Bernolak
Chief, Interfirms Division: G. McLeod

Office of Design

Acting General Director: J. H. Swann

Chief, Finance and Administration: T. L. Martell
Chief, Design Capability: R. Bachman
Chief, Design Application: R. Eytel
Chief, Design Environment: G. Crabtree

National Design Council Secretariat

Secretary General: E. P. Weiss
Adviser: J. Saint-Cyr

Grains Program Office

Chief, R. M. Esdale

Office of Tourism

General Director: T. R. G. Fletcher

Travel Industry Branch

Director: F. B. Clark
Chief, Research and Development: J. W. Gibson
Chief, Industrial Evaluation: L. C. Munn

Canadian Government Travel Bureau

Director: Dan Wallace
Deputy Director: Roland Boire
Assistant Director, Marketing: D. C. Bythell
Assistant Director, Offices Abroad: O. H. Tiessen
Assistant Director, Support Services: R. Douglas Palmer

Manager, Publicity Services: J. A. Carman
Manager, Travel Trade Relations: G. Tawse-Smith
Manager of Advertising: D. Livingstone
Manager of Operations: M. Campeau

Appendix "B"

REGIONAL OFFICES OF THE DEPARTMENT ON MARCH 31, 1970

St. John's, Newfoundland

Regional Officer
B. E. Baker

P.O. Box 5849
St. John's, Nfld.

or

Sir Humphrey Gilbert Building
Duckworth Street
St. John's, Nfld.

Halifax, Nova Scotia

Regional Manager
D. J. Packman

Sir John Thompson Building
1256 Barrington Street
Halifax, N.S.

Montreal, Quebec

Regional Manager
J. G. Touchette

Suite 1700, Commerce House
1080 Beaver Hall Hill
Montreal 128, Que.

Toronto, Ontario

Regional Manager

P.O. Box 114
Toronto, Ont.

or

Suite 3001, Toronto Dominion Centre
Toronto, Ont.

Winnipeg, Manitoba

Regional Manager
G. A. Gillespie

Suite 1104
220 Portage Avenue
Winnipeg 1, Man.

Regina, Saskatchewan

Regional Manager
G. A. Cooper

Room 651
Saskatchewan Wheat Pool Building
2625 Victoria Street
Regina, Sask.

Edmonton, Alberta

Regional Manager
W. Mackenzie Hall

802 Chancery Hall
3 Sir Winston Churchill Square
Edmonton, Alta.

Vancouver, British Columbia

Regional Manager
J. F. Murray

Room 2003
Board of Trade Tower
1177 West Hastings Street
Vancouver 1, B.C.

Appendix "C"

Location of Trade Commissioner Service Posts Abroad
on March 31, 1970

Territory	Officers	Address
Argentina--Buenos Aires----- (Territory includes: Paraguay, Uruguay)	-----Commercial Counsellor	Canadian Embassy Casilla de Correo 3898 Suipacha 1111 BUENOS AIRES
Australia----- Sydney (Territory includes: States of New South Wales and Queensland, Capital Territory, Northern Territory, and Dependencies)	-----Commercial Counsellor for Canada	P.O. Box 3952, G.P.O. A.M.P. Building, 21st Floor Circular Quay SYDNEY
Melbourne----- (Territory includes: States of Victoria, South Australia, Western Australia, Tasmania)	-----Commercial Counsellor for Canada	Princes Gate East Tower, 17th Floor 151 Flinders Street MELBOURNE
Canberra----- (The Canberra office handles only those trade inquiries that require liaison with federal government departments and agencies)	-----Commercial Counsellor	Office of the High Commissioner for Canada Commonwealth Avenue Yarralumla 2600 CANBERRA
Austria--Vienna----- (Territory includes: Albania, Bulgaria, Hungary, Romania)	-----Commercial Counsellor	Canadian Embassy P.O. Box 190 Dr. Karl Luegerring 10 VIENNA

Territory	Officers	Address
Belgium--Brussels-- (Territory includes: Luxembourg)	-----Commercial Counsellor	Canadian Embassy rue de la Science, 35 BRUSSELS
Brazil-- Rio de Janeiro--	-----Commercial Secretary -----	Canadian Embassy Caixa Postal 2164-ZC-00 Edificio Metropol Avenida Presidente Wilson 165 RIO DE JANEIRO
Sao Paulo--	-----Consul and Trade Commissioner	Canadian Consulate Caixa Postale 6034 Edificio Scarpa Avenida Paulista, 1765, 9 andar SAO PAULO
Britain--London-- (Territory includes: England, Wales, Gibraltar)	-----Minister (Commercial)	Office of the High Commissioner for Canada One Grosvenor Square LONDON
Scotland--Glasgow-- (Territory includes: Northern Ireland, Scotland)	-----Trade Commissioner	Cornhill House 144 West George Street GLASGOW

Territory	Officers	Address
Ceylon--Colombo----		Commercial Division Office of the High Commissioner for Canada P.O. Box 1006 6 Gregory's Road Cinnamon Gardens COLOMBO
Chile--Santiago-----	Commercial Secretary	Canadian Embassy Casilla 771 Edificio Ahumada, 10th Floor SANTIAGO
Colombia--Bogota----- (Territory: Ecuador)	Commercial Secretary	Canadian Embassy Apartado Aereo 52531 Calle 58 No. 10-42 BOGOTA
Cuba--Havana-----		Commercial Division Canadian Embassy Gaveta 6125 Calle 30 No. 518 esquina 7a Avenida Miramar HAVANA
Czechoslovakia--Prague-----	Commercial Secretary	Canadian Embassy Chancery, Mickiewiczova 6 PRAGUE
Denmark--Copenhagen----- (Territory includes: Greenland, Poland)	Commercial Counsellor	Canadian Embassy Prinsesse Maries Alle 2 COPENHAGEN
European Communities (Territory includes: European Economic Community, European Atomic Energy Community, European Coal and Steel Community)	Deputy Head	Mission of Canada to the European Communities Canadian Embassy rue de la Science, 35 BRUSSELS

Territory	Officers	Address
France--Paris-- (Territory includes: Algeria, Andorra, Monaco)	-----Commercial Counsellor	Canadian Embassy 35 Avenue Montaigne PARIS
Germany-- Bonn-- (Territory includes: States of Baden-Wuerttemberg, Bavaria, Hesse, Rhineland-Palatinate, Saar, West Berlin)	-----Commercial Counsellor	Canadian Embassy Friedrich-Wilhelmstrasse 18 BONN
Duesseldorf-- (Territory includes: State of North Rhine-Westphalia)	-----Consul General and Trade Commissioner	Canadian Consulate General Koenigsallee 82 DUESSELDORF
Hamburg-- (Territory includes: City states of Bremen and Hamburg; States of Lower Saxony and Schleswig- Holstein)	-----Consul General	Canadian Consulate General Esplanade 41-47 HAMBURG
Ghana--Accra-- (Territory includes: Guinea, Ivory Coast, Liberia, Mali, Mauretania, Togo, Upper Volta)	-----Commercial Secretary	Office of the High Commissioner for Canada P.O. Box 1639 E 115/3 Independence Avenue ACCRA
Greece--Athens--	-----Commercial Secretary	Canadian Embassy 31 Vassilissis Sophias Avenue ATHENS

Territory	Officers	Address
Guatemala--Guatemala City-- (Territory includes: Costa Rica, El Salvador, Honduras, Nicaragua, Panama, and Canal Zone)	-----Commercial Counsellor	Canadian Embassy Apartado 3A Edificio Etisa, Plazuela Espana 7a Avenida 8-02, Zone 9 GUATEMALA CITY
Hong Kong--Hong Kong-- (Territory includes: Cambodia, People's Republic of China, Laos, Macao, Vietnam)	-----Senior Trade Commissioner	P.O. Box 126 P & O Building, 11th Floor 21-23, Des Voeux Road, Central HONG KONG
India--New Delhi-- (Territory includes: Bhutan, Nepal, Sikkim)	-----Commercial Counsellor	P.O. Box 11 13 Golf Links Road NEW DELHI
Indonesia--Djakarta--	-----Acting Commercial Secretary	Canadian Embassy Djalan Budi Kemuliaan No. 6 DJAKARTA
Iran--Tehran--	-----Commercial Secretary	Canadian Embassy P.O. Box 1610 Bezrouke Building Corner of Takht Jamshid Avenue and Forsat Street TEHRAN
Ireland--Dublin--	-----	Commercial Counsellor for Canada 66 Upper O'Connell Street DUBLIN
Israel--Tel Aviv-- (Territory includes: Cyprus)	-----Commercial Secretary	Canadian Embassy P.O. Box 20140 84 Hahashmoniam Street TEL AVIV

Territory	Officers	Address
Italy----- Rome----- (Territory includes: Provinces of Toscana, Marche, Umbria, Lazio, Abruzzi-Molise, Puglia, Campania, Basilicata, Calabria, Sicilia, Sardegna. Other countries: Libya, Malta)	-----Minister-Counsellor (Commercial)	Canadian Embassy Via G.B. De Rossi 27 ROME
Milan----- (Territory includes: Provinces of Emilia-Romagna, Lombardia, Piedimonte, Trentino-Alto Adige, Veneto, Liguria, Trieste, Valle D'Aosta, Friuli-Venezia)	-----Consul General and Trade Commissioner	Canadian Consulate General C.P. 3977 Via Vittor Pisani 19 MILAN
Jamaica--Kingston----- (Territory includes: Bahamas, British Honduras, Cayman Islands, Turks and Caicos Islands)	-----Commercial Secretary	Office of the High Commissioner for Canada P.O. Box 1500 Tobago Road Corner Trafalgar Road and Knutsford Boulevard KINGSTON
Japan--Tokyo----- (Territory includes: Guam, Korea, Okinawa)	-----Minister (Commercial)	Embassy of Canada Akasaka Post Office TOKYO
Kenya--Nairobi----- (Territory includes: Ethiopia, Malawi, Somali Republic, Tanzania, Uganda, Zambia)	-----Commercial Counsellor	Office of the High Commissioner for Canada P.O. Box 3778 Industrial Promotion Services Bldg. Kimathi Street NAIROBI

Territory	Officers	Address
Lebanon--Beirut----- Territory includes: Iraq, Jordan, Kuwait, People's Republic of Southern Yemen (Aden), Persian Gulf area, Saudi Arabia, Syria, Trucial States, Yemen	-----Commercial Counsellor	Canadian Embassy Boite Postale 2300 Alpha Building Rue Clemenceau BEIRUT
Malaysia--Kuala Lumpur----- (Territory includes: Brunei, Burma)	-----Acting Commercial Secretary	Office of the High Commissioner for Canada P.O. Box 990 A.I.A. Building, Ampang Road KUALA LUMPUR
Mexico--Mexico-----	-----Commercial Counsellor	Canadian Embassy Apartado Postal 5-364 Melchor Ocampo 463, 7th Floor MEXICO
Netherlands--The Hague-----	-----Commercial Counsellor	Canadian Embassy Sophialaan 7 THE HAGUE
New Zealand--Wellington----- (Territory includes: Cook Islands, Fiji, French Oceania, Gilbert and Ellice Islands, Tahiti, Tonga, Western Samoa)	-----Commercial Counsellor	Office of the High Commissioner for Canada P.O. Box 12-049, Wellington North ICI Building, 3rd Floor Molesworth Street WELLINGTON
Nigeria--Lagos-----		Commercial Secretary Office of the High Commissioner for Canada P.O. Box 851 Niger House Odunlami Street LAGOS

Territory	Officers	Address
Norway--Oslo-- (Territory includes: Iceland)	-----Commercial Secretary	Canadian Embassy Oscargate 20 OSLO
Pakistan--Islamabad-- (Territory includes: Afghanistan)	-----Commercial Secretary	Office of the High Commissioner for Canada Hotel Shahrazed ISLAMABAD
Peru--Lima-- (Territory includes: Bolivia)	-----Commercial Secretary	Canadian Embassy Casilla 1212 Edificio El Pacifico Corner Avenida Arequipa and Plaza Washington LIMA
Philippines--Manila-- Territory includes: Republic of China (Taiwan)	-----Consul General and Trade Commissioner	Canadian Consulate General P.O. Box 1825 1414 Roxas Boulevard MANILA
Portugal--Lisbon-- (Territory includes: Azores, Cape Verde Islands, Madeira, Portuguese Guinea)	-----Commercial Counsellor	Canadian Embassy Rua Rosa Araujo, 2-7 Seventh Floor LISBON
Puerto Rico--Hato Rey-- (Territory includes: Dominican Republic, Haiti, U.S. Virgin Islands)	-----Consul and Trade Commissioner	Canadian Consulate 1606 Pan Am Building HATO REY
Singapore--Singapore--	-----Commercial Counsellor	Office of the High Commissioner for Canada P.O. Box 845 International Building, 11th Floor 360 Orchard Road SINGAPORE

Territory

Officers

Address

South Africa-----Canadian Government Trade
Johannesburg-----Commissioner

(Territory includes: Provinces of
Natal, Orange Free State, Trans-
vaal. Other countries: Angola,
Botswana, Comoro Archipelago,
Lesotho, Malagasy, Mauritius,
Mozambique, Reunion, Swaziland)

P.O. Box 715
Mobil House, 17th Floor
Corner Rissik and
De Villiers Strs.
JOHANNESBURG

Cape Town-----Canadian Government Trade
 Commissioner

(Territory includes: Cape
province. Other countries:
St. Helena, South West Africa)

P.O. Box 683
African Life Centre,
13th Floor
St. George's Street
CAPE TOWN

Spain--Madrid-----Commercial Counsellor

(Territory includes: Provinces
outside the peninsula--Balearic
Islands, Canary Islands, Spanish
Sahara. Other countries:
Equatorial Guinea, Morocco)

Canadian Embassy
Apartado 117
Edificio Espana
Avenida de Jose Antonio 88
MADRID

Sweden--Stockholm-----Commercial Counsellor
(Territory includes: Finland)

Canadian Embassy
P.O. Box 14042
Kungsgatan 24
STOCKHOLM

Switzerland--Berne-----Commercial Counsellor
(Territory includes: Liechtenstein,
Tunisia)

Canadian Embassy
Kirchenfeldstrasse 88
BERN

Thailand--Bangkok-----Commercial Secretary and Consul

P.O. Box 2090
Thai Farmers Bank
Building, 7th Floor
142 Silom Road
BANGKOK

Territory	Officers	Address
Trinidad and Tobago--Port-of-Spain-----	Commercial Counsellor	Office of the High Commissioner for Canada P.O. Box 1246 Colonial Building 72 South Quay PORT-OF-SPAIN
(Territory includes: Barbados, French Guiana, Guadeloupe, Guyana, Leeward and Windward Islands, Martinique, Surinam)		
Turkey--Ankara-----	Commercial Secretary	Canadian Embassy Vali Dr. Resit Caddesi 52 ANKARA
United Arab Republic		
Egypt--Cairo-----		Commercial Division Canadian Embassy Kasr el Doubara Post Office 6 Sharia Rouston Pasha Garden City CAIRO
U.S.S.R.--Moscow-----	Commercial Counsellor	Canadian Embassy 23 Starokonyushenny Pereulok MOSCOW
United Nations New York-----	First Secretary	Permanent Mission of Canada to the United Nations 866 United Nations Plaza, Suite 250 NEW YORK

Territory	Officers	Address
United States		
Washington----- (Territory includes: District of Columbia)	-----Commercial Counsellor	Canadian Embassy 1746 Massachusetts Avenue, N.W. WASHINGTON
New York City----- Territory includes: States of Connecticut, New Jersey (12 northern countries), south New York. Other countries: Bermuda	-----Deputy Consul General (Commercial)	Canadian Consulate General 680 Fifth Avenue NEW YORK CITY
Boston----- (Territory includes: States of Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. Other countries: St. Pierre and Miquelon)	-----Consul and Senior Trade Commissioner	Canadian Consulate General 500 Boylston Street BOSTON
Buffalo----- (Territory includes: Upper New York State)	-----Consul and Trade Commissioner	Canadian Consulate 1400 Main Place 396 Main Street BUFFALO
Chicago----- (Territory includes: States of Illinois, Indiana, Iowa, Missouri, Nebraska, southern Wisconsin)	-----Consul and Senior Trade Commissioner	Canadian Consulate General 310 South Michigan Avenue, Suite 2000 CHICAGO

Territory	Officers	Address
Cleveland----- Territory includes: States of Ohio, Kentucky, West Virginia, Western Pennsylvania)	-----Consul and Trade Commissioner	Canadian Consulate Illuminating Building 55 Public Square CLEVELAND
Dallas----- (Territory includes: States of Texas, Arkansas, New Mexico, Oklahoma, Kansas)	-----Consul and Trade Commissioner	Canadian Consulate 2100 Adolphus Tower 1412 Main Street DALLAS
Detroit----- (Territory includes: States of Michigan and Indiana)	-----Consul and Senior Trade Commissioner	Canadian Consulate 1920 First Federal Building 1001 Woodward Avenue DETROIT
Los Angeles----- Territory includes: States of Arizona, California (ten southern counties), Clark County in Nevada	-----Consul and Trade Commissioner	Canadian Consulate General 510 West Sixth Street LOS ANGELES
Minneapolis----- (Territory includes: Minnesota, Northern Wisconsin, Northern Michigan Peninsula, North and South Dakota, Montana)	-----Consul and Trade Commissioner	Canadian Consulate Chamber of Commerce Building 15 South Fifth Street MINNEAPOLIS

Territory	Officers	Address
New Orleans----- (Territory includes: States of Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee)	-----Consul and Trade Commissioner	Canadian Consulate General 2110 International Trade Mart 2 Canal Street NEW ORLEANS
Philadelphia----- Territory includes: States of Delaware, Maryland, New Jersey (nine southern counties), Pennsylvania, Virginia, West Virginia	-----Consul and Trade Commissioner	Canadian Consulate 3 Penn Center Plaza PHILADELPHIA
San Francisco----- Territory includes: States of California (except the ten southern counties), Colorado, Hawaii, Nevada (except Clark County), Utah, Wyoming	-----Consul and Trade Commissioner	Canadian Consulate General One Maritime Plaza Golden Gateway Center SAN FRANCISCO
Seattle----- (Territory includes: States of Alaska, Idaho, Montana, Oregon, Washington)	-----Vice Consul and Acting Trade Commissioner	Canadian Consulate General 1305 Tower Building Seventh Avenue and Olive Way SEATTLE
Venezuela--Caracas----- (Territory includes: Netherlands Antilles)	-----Commercial Counsellor	Canadian Embassy Apartado del Este 62302 Avenida La Estancia No. 10 Ciudad Comercial Tamanaco CARACAS
Yugoslavia--Belgrade-----	-----Commercial Secretary	Canadian Embassy Proleterskih Brigada 69 BELGRADE

Appendix "D"

CANADIAN GOVERNMENT TRAVEL BUREAU OFFICES ABROAD ON MARCH 31, 1970

Eastern United States

General
Manager

Percy T. Cole, General Manager
Eastern United States
Room 1201, 680 Fifth Avenue
New York City, NY 10019

Boston

John R. Akin, Manager
263 Plaza
The Prudential Center
Boston, MA 02199

Cincinnati

Peter J. Fraser, Manager
Room 1010, Enquirer Building
617 Vine Street
Cincinnati, OH 45202

Cleveland

Ronald O. Gray, Manager
Winous-Point Building
1250 Euclid Avenue
Cleveland, OH 44115

Detroit

Roger A. Cloutier, Manager
Book Building
1257-1259 Washington Boulevard
Detroit, MI 48226

Hartford

E. L. Lynch, Manager
234 Constitution Plaza
Hartford, CT 06103

New York

John M. Harrison, Manager
680 Fifth Avenue
New York City, NY 10019

Philadelphia

Courtney B. Chick, Manager
Suite 305, 3 Penn Center
Philadelphia, PA 19102

Pittsburgh

Charles A. Watt, Manager
1001-1003 Jenkins Arcade
Liberty and Fifth Avenue
Pittsburgh, PA 15222

Rochester

Harold E. Betts, Manager
247 Midtown Plaza
Rochester, NY 14604

Washington John R. Bunt, Manager
RCA Building
1725 K Street, N.W.
Washington, DC 20006

Western United States and Pacific Area

General
Manager

A. R. Peers, General Manager
Western United States and
Pacific Area
600 Market Street
San Francisco, CA 94104

Chicago Greg J. Loney, Manager
100 N. LaSalle Street
Chicago, IL 60602

Los Angeles Don E. Alexander, Manager
510 West 6th Street
Los Angeles, CA 90014

Minneapolis Hector L. Crombie, Manager
124 South 7th Street
Northstar Center
Minneapolis, MN 55402

San Francisco Dave Moilliet, Manager
Suite 2300, Crocker Plaza
600 Market Street
San Francisco, CA 94104

Seattle Thomas L. Hill, Manager
Suite 1117, Plaza 600
600 Stewart Street
Seattle, WA 98101

Mexico Miss Annette Fortier, Manager
Servicio de Turismo del Canada
Avenida Morelos 110-905
Mexico, D.F., Mexico

Sydney Roly B. deGrosbois, Manager
Fifth Floor
40 Martin Place
Sydney, N.S.W., Australia

Tokyo William R. MacLean, Manager
Palace Building
10, 1-Chome
Marunouchi
Chiyoda-ku, Tokyo, Japan

Europe

General
Manager

Administrative Officer -
H. Lyle Kohler

George W. Powell
General Manager, Europe
Macdonald House, Room 326
One Grosvenor Square
London, W1X 0AB, England

Copenhagen

Wayne T. Mercer, Manager
Vester Farimagsgade 1
DK-1606 Copenhagen V, Denmark

Frankfurt

O. von Finckenstein, Manager
Kanadisches Fremdenverkehrsamt
6 Frankfurt, Biebergasse 6-10
City Center, Frankfurt
West Germany

London

Francis H. Galipeau, Manager
19 Cockspur Street
London, W1X 0AB, England

Paris

Pierre Turcotte, Manager
Office Nationale du Tourisme Canadien
4 Rue Scribe
Paris IX, France

The Hague

Peter J. Hann, Manager
Canadees Nationaal Verkeers-
bureau
Kamer 40
The Hague, The Netherlands

Appendix "E"

INTERNATIONAL DEFENCE PROGRAMS BRANCH POSTS ABROAD

Washington Office P.O. Box 4897, Cleveland Park Station
Washington, D.C. 20008

Director: F. T. Jackman

Dayton Office MCLDDP, Wright Patterson A.F. Base
OH 45433

Senior Field Liaison Officer: A. E. Johnston

Los Angeles Office Defence Contract Administration Services
District, Room 130, 125 S. Grand Avenue
Pasadena, CA 91105

Senior Field Liaison Officer: T. J. B. Robinson

Boston Office ESKZ, Building 1618, Stop 27
L.G. Hanscom Field,
Bedford, MA 01730

Field Liaison Officer: J. S. Vincent

Detroit Office Michigan Army Missile Plant
38111 Van Dyke Avenue
Warren, MI 48090

Field Liaison Officer: J. Morris

Philadelphia Office Defence Personnel Support Center
1800 S. 20th Street, Building 12, Wing H
Philadelphia, PA 19101

Field Liaison Officer: R. J. Rushka

Bonn Office Canadian Embassy,
Friedrich Wilhelmstrasse 18
53 Bonn, West Germany

Senior Field Liaison Officer: G. G. Rezek

London Office Office of the High Commissioner for Canada
One Grosvenor Square
London, W1X 0AB, England

Field Liaison Officer: O. W. Bennett

Paris Office Ambassade du Canada
35 Avenue Montaigne
Paris 8^e, France

Field Liaison Officer: H. J. Cloutier

International Defence Programs Branch Posts Abroad

(Continued)

Brussels Office

Canadian Delegation
NATO/OTAN
Brussels 39, Belgium

Field Liaison Officer:

F. J. McNaughton

Rome Office

Canadian Embassy
Via G.B. de Rossi 27
Rome Italy

Field Liaison Officer:

O. A. Sulzenko

Appendix "F"

TRADE FAIR EXHIBITS SPONSORED BY DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE

Name of Show: Building and Heating Exhibition

Location: Utrecht, The Netherlands

Dates: April 10-19, 1969

Firms participating: 16

Products shown: building products and heating equipment

Attendance: 58,000

Space occupied: 2,553 sq. ft.

Name of Show: Southern Pine Machinery & Equipment Exhibition

Location: New Orleans, Louisiana, U.S.A.

Dates: April 12-14, 1969

Firms participating: 8

Products shown: logging and sawmill equipment

Attendance: 10,000

Space occupied: 5,600 sq. ft.

Name of Show: Solo Apparel Show - Ladies Outerwear (Phase I)

Location: New York, New York, U.S.A.

Dates: April 14-18, 1969

Firms participating: 17

Products shown: rainwear, coats, suits, furs

Attendance: No public attendance

Space occupied: 18 hotel rooms

Name of Show: Canadian Processed Foods Exhibits

Location: Tokyo and Osaka, Japan

Dates: Tokyo, April 14-16, Osaka, April 21-23, 1969

Firms participating: 28

Products shown: foods

Attendance: Invitation Promotion

Space occupied: 10,800 sq. ft.

Name of Show: International Fur Fair

Location: Frankfurt, West Germany

Dates: April 23-27, 1969

Firms participating: information booth

Products shown: furs

Attendance: 15,000

Space occupied: 1,500

Name of Show: German Industries Fair

Location: Hanover, West Germany

Dates: April 26 - May 4, 1969

Firms participating: information booth

Products shown: general information

Attendance: 500,000

Space occupied: 50 sq. ft.

Name of Show: Supermarket Institute Show
Location: Atlantic City, New Jersey, U.S.A.
Dates: May 11-14, 1969
Firms participating: 14
Products shown: food
Attendance: Not open to public
Space occupied: 2,100 sq. ft.

Name of Show: Salon International de l'Aeronautique et de l'Espace
Location: Paris, France
Dates: May 29 - June 8, 1969
Firms participating: 29
Products shown: aeronautical, aeronautic equipment, components and related services such as airport planning, repair and overhaul
Attendance: 700,000
Space occupied: 10,000 sq. ft.

Name of Show: Solo Apparel Show - Ladies Outerwear (Phase 2)
Location: New York City, New York, U.S.A.
Dates: June 1-13, 1969
Firms participating: 17
Products shown: rainwear, coats, suits, furs
Attendance: Not open to public
Space occupied: 24 hotel rooms

Name of Show: 38th Poznan International Fair
Location: Poznan, Poland
Firms participating: 5
Products shown: geophysical exploration equipment, laboratory instrument testing equipment, automatic wave soldering equipment, load cells for steel rolling mills
Attendance: Not known
Space occupied: 3,500 sq. ft.

Name of Show: International Hospital Exhibition
Location: Duesseldorf, West Germany
Dates: June 19-25, 1969
Firms participating: 7
Products shown: aggregometers, drip monitor washing machines for instruments, nebulizers
Attendance: Not open to public
Space occupied: 810 sq. ft.

Name of Show: American Institute of Architects Convention
Location: Chicago, Illinois, U.S.A.
Dates: June 22-26, 1969
Firms participating: 11
Products shown: building components and fixtures
Attendance: 45,000
Space occupied: 3,000 sq. ft.

Name of Show: Pacific Fine Food and Beverage Fair
Location: Los Angeles, California, U.S.A.
Dates: July 13-16, 1969
Firms participating: 11
Products shown: food, distilled spirits
Attendance: Not open to public
Space occupied: 600 sq. ft.

Name of Show: Melbourne International Engineering Show
Location: Melbourne, Australia
Dates: August 4-9, 1969
Firms participating: 16
Products shown: controls, airborne communication
Attendance: 20,000
Space occupied: 4,425 sq. ft.

Name of Show: San Francisco Gift Show
Location: San Francisco, California, U.S.A.
Dates: August 10-13, 1969
Firms participating: 20
Products shown: gifts
Attendance: Not open to public
Space occupied: 4,508 sq. ft.

Name of Show: Western Electronics Show & Convention (WESCON)
Location: San Francisco, California, U.S.A.
Dates: August 19-22, 1969
Firms participating: 11
Products shown: electronic products
Attendance: 30,000
Space occupied: 2,000 sq. ft.

Name of Show: Auckland International Trade Fair
Location: Auckland, New Zealand
Dates: August 20 - September 6, 1969
Firms participating: 12
Products shown: textiles, road graders, logging machinery, pump motors, colour meters, electronics, electrical goods
Attendance: 256,650
Space occupied: 3,000 sq. ft.

Name of Show: Brno International Trade Fair
Location: Brno, Czechoslovakia
Dates: September 7-16, 1969
Firms participating: 9
Products shown: machinery for pulp and paper
Attendance: 350,000
Space occupied: 3,150 sq. ft.

Name of Show: Zagreb International Autumn Fair

Location: Zagreb, Yugoslavia

Dates: September 11-21, 1969

Firms participating: 17

Products shown: industrial machinery, machinery for food industry, scientific equipment and sporting goods

Attendance: 170,000

Space occupied: 3,759 sq. ft.

Name of Show: Semaine Internationale du Cuir

Location: Paris, France

Dates: September 12-17, 1969

Firms participating: 5

Products shown: finished and unfinished leather goods

Attendance: 185,000

Space occupied: 700 sq. ft.

Name of Show: International Watch and Jewellery Trade Fair

Location: London, England

Dates: September 15-19, 1969

Firms participating: 12

Products shown: watches, jewellery

Attendance: Not open to public

Space occupied: 2,000 sq. ft.

Name of Show: National Office Products Association Convention and
Exhibition

Location: Chicago, Illinois, U.S.A.

Dates: September 24-27, 1969

Firms participating: 10

Products shown: office furniture and equipment

Attendance: Not open to public

Space occupied: 2,280 sq. ft.

Name of Show: Japan Electronics Show

Location: Osaka, Japan

Dates: October 1-7, 1969

Firms participating: 8

Products shown: electronic equipment

Attendance: Not open to public

Space occupied: 2,050 sq. ft.

Name of Show: Second Asian International Trade Fair

Location: Tehran, Iran

Dates: October 5-24, 1969

Firms participating: 25

Products shown: air conditioners, automotive hardware, cobalt bomb unit, high voltage and geophysical equipment

Attendance: 1,500,000

Space occupied: 10,000 sq. ft.

Name of Show: International Nuclear Industries Fair (NUCLEX)
Location: Basle, Switzerland
Dates: October 6-11, 1969
Firms participating: 9
Products shown: nuclear equipment, fuels, nuclear power stations, electronic systems, etc.
Attendance: Not open to public
Space occupied: 3,100 sq. ft.

Name of Show: Stix, Baer and Fuller in-store promotion
Location: St. Louis, Mississippi, U.S.A.
Dates: October 6-18, 1969
Firms participating: 200
Products shown: general consumer goods
Attendance: N/A
Space occupied: N/A -- in-store promotion

Name of Show: Oklahoma Lumbermen's Association, 23rd Annual Convention
Location: Oklahoma City, Oklahoma, U.S.A.
Dates: October 18-19, 1969
Firms participating: (institutional exhibit only)
Products shown: various species of Canadian forest products
Attendance: N/A
Space occupied: 80 sq. ft.

Name of Show: 2nd International Container and Combined Traffic Fair
Location: Hamburg, West Germany
Dates: October 21-26, 1969
Firms participating: Information booth
Products shown: general information
Attendance: 20,000
Space occupied: 880 sq. ft.

Name of Show: Packaging Machinery Show
Location: Detroit, Michigan, U.S.A.
Dates: October 27-30, 1969
Firms participating: 11
Products shown: machinery for packaging and vending
Attendance: 20,294
Space occupied: 5,500 sq. ft.

Name of Show: London International Building Exhibition
Location: London, England
Dates: November 12-25, 1969
Firms participating: (institutional exhibit only)
Products shown: building products
Attendance: N/A
Space occupied: 825 sq. ft.

Name of Show: Sixth Pacific International Trade Fair
Location: Lima, Peru
Dates: November 14-30, 1969
Firms participating: 31
Products shown: electric and electronic equipment, mechanical equipment (heavy)
Attendance: 700,000
Space occupied: 22,078 sq. ft.

Name of Show: Solo Apparel Show - Ladies' Outerwear (Phase I)
Location: New York City, New York, U.S.A.
Dates: November 18-21, 1969
Firms participating: 24
Products shown: rainwear, coats, dresses, suits, sportswear
Attendance: Not open to public
Space occupied: 19 hotel rooms

Name of Show: Salon International du Batiment (BATIMAT)
Location: Paris, France
Dates: November 20-30, 1969
Firms participating: 13
Products shown: integrated lighting panelboard, oil furnaces, protective coatings, construction materials and products
Attendance: 250,000
Space occupied: 2,000 sq. ft.

Name of Show: American Vocational Association Convention
Location: Boston, Massachusetts, U.S.A.
Dates: December 6-9, 1969
Firms participating: 14
Products shown: laboratory equipment, metalworking equipment, educational equipment
Attendance: 7,500
Space occupied: 3,000 sq. ft.

Name of Show: Solo Apparel Show - Ladies' Outerwear (Phase II)
Location: New York City, New York, U.S.A.
Dates: January 5-16, 1970
Firms participating: 24
Products shown: rainwear, coats, suits, sportswear, dresses
Attendance: Open to buyers only
Space occupied: 24 hotel rooms

Name of Show: International Hotel and Catering Exhibition
Location: London, England
Dates: January 6-15, 1970
Firms participating: 14
Products shown: cooking equipment (commercial), vending equipment
Attendance: 50,000
Space occupied: 3,000 sq. ft.

Name of Show: Sea-Going Food Fair
Location: Caribbean
Dates: January 15 - February 4, 1970
Firms participating: 11
Products shown: food, wines, tobacco
Attendance: N/A
Space occupied: Aboard M.V. Sun River

Name of Show: National Association of Homebuilders Convention
Location: Houston, Texas, U.S.A.
Dates: January 18-22, 1970
Firms participating: 7
Products shown: building products
Attendance: N/A
Space occupied: 2,080 sq. ft.

Name of Show: National Sporting Goods Association Convention
Location: Chicago, Illinois, U.S.A.
Dates: February 1-5, 1970
Firms participating: 19
Products shown: sportswear and equipment
Attendance: 23,964
Space occupied: 2,700 sq. ft.

Name of Show: Carolina Lumber and Building Material Dealers'
Association Convention and Building Products Exposition
Location: Charlotte, North Carolina, U.S.A.
Dates: February 3-5, 1970
Firms participating: (institutional)
Products shown: forest products
Attendance: N/A
Space occupied: 80 sq. ft.

Name of Show: Solo Apparel Show - Men's Suits
Location: New York City, New York, U.S.A.
Dates: February 3-6, 1970
Firms participating: 28
Products shown: tailored clothing and outerwear
Attendance: Not open to public
Space occupied: 20 hotel rooms

Name of Show: American Association of School Administrators
Annual Convention
Location: Atlantic City, New Jersey, U.S.A.
Dates: February 14-18, 1970
Firms participating: 15
Products shown: language training books, computer systems,
student lockers, gym equipment
Attendance: 25,000
Space occupied: 3,040 sq. ft.

Name of Show: "Boston Herald-Traveller" New England Boat Show
Location: Boston, Massachusetts, U.S.A.
Dates: February 20 - March 1, 1970
Firms participating: 12
Products shown: boats
Attendance: 490,000
Space occupied: 4,000 sq. ft.

Name of Show: International Exhibition and Conference for
Shopfitting and Display Equipment
Location: Duesseldorf, West Germany
Dates: February 21-25, 1970
Firms participating: 12
Products shown: store shelving, packaging machinery, check-out
counters, coin sorters
Attendance: 50,000
Space occupied: 3,050 sq. ft.

Name of Show: Indiana Lumber and Building Supply Association
Exposition
Location: Indianapolis, Indiana, U.S.A.
Dates: February 24-25, 1970
Firms participating: (institutional)
Products shown: wood products
Attendance: N/A
Space occupied: 80 sq. ft.

Name of Show: Mid-America "70" Hardware, Houseware and Building
Products Exposition
Location: Kansas City, Kansas, U.S.A.
Dates: February 18-20, 1970
Firms participating: (institutional)
Products shown: wood products
Attendance: N/A
Space occupied: 80 sq. ft.

Name of Show: Mid-America Finest Shoe Market
Location: Columbus, Ohio, U.S.A.
Dates: March 15-17, 1970
Firms participating: 13
Products shown: shoes
Attendance: Not open to public
Space occupied: 18 hotel rooms

Name of Show: New England Hospital Assembly
Location: Boston, Massachusetts, U.S.A.
Dates: March 23-25, 1970
Firms participating: 10
Products shown: hospital, laboratory equipment
Attendance: 70,000
Space occupied: 18,000 sq. ft.

Name of Show: Institute of Electrical and Electronic Engineers
Conference and Exhibition
Location: New York City, New York, U.S.A.
Dates: March 23-26, 1970
Firms participating: 12
Products shown: electrical and electronic systems, instruments
and components
Attendance: Not open to public
Space occupied: 1,800 sq. ft.

Name of Show: Boston Furniture Show
Location: Boston, Massachusetts, U.S.A.
Dates: March 31 - April 2, 1970
Firms participating: 12
Products shown: household furniture
Attendance: Not open to public
Space occupied: 11,000 sq. ft.

CANADIAN GOVERNMENT TRAVEL BUREAU
(Special Promotions Section)

The CGTB participated in the following promotional events.

CO-OPERATIVE PROMOTIONS

Shopping Malls

Boston	-	Natick Mall	-	April 10-20, 1969
Detroit	-	Oakland Mall	-	May 1-11, 1969
Minneapolis	-	Brookdale Center	-	May 21 - June 1, 1969

In-Store (See also Co-ops)

Stix, Baer and Fuller Department Store
St. Louis, Missouri
October 6-12, 1969

Agricultural Exhibitions (See also Co-ops)

RCMP Musical Ride Tour of 15 British Fairs
May 3 - September 7, 1969

Panorama of the Pacific Exhibition, Royal Easter Show,
Sydney, Australia
March 20-31, 1970

Travel/Trade

American Society of Association Executives Convention
Las Vegas, Nevada
November 7-11, 1969

International Tourism Exchange
Berlin, Germany
March 14-22, 1970

Boston Herald-Traveller New England Boat Show
Boston, Massachusetts
February 20 - March 1, 1970

Pacific Area Travel Association Convention
Auckland, New Zealand
April 13-17, 1970

CGTB Ski Shows Seminar/Receptions

Detroit	-	October 23
New York	-	October 29
Cleveland	-	October 29
Washington	-	November 6
Boston	-	November 12
Hartford	-	November 20

SKI AND WINTER SPORTS SHOWS

International Ski and Winter Sports Show
San Francisco
October 3-5

International Ski and Winter Sports Show
Los Angeles
October 9-12

Seattle Ski Fair
October 24-26

Rocky Mountain Ski and Winter Sports Fair
Salt Lake City
November 7-9

Northwest Ski and Winter Sports Fair
Minneapolis
November 21-23

Winter Carnival Promotions (California)
Sacramento - October 22-24
Mountain View - October 29 - November 1
Concord - November 5-8

SPORTS AND TRAVEL SHOWS

Rochester Travel and Vacation Show
November 6-9

Southern California Sports, Vacation and Recreational Vehicle
Show
Anaheim
January 3-11

San Francisco Sports and Boat Show
January 9-18

Ohio Valley Sports, Travel and Boat Show
Cincinnati
January 17-25

Portland Trailer and Boat Show
January 17-25

11th Annual International Sports, Vacation and Travel Show
Los Angeles
January 23 - February 1

Michigan National Boat, Sports and Vacation Show
Detroit
January 31 - February 8

Kansas City Boat, Sports and Travel Show
January 30 - February 8

Columbus Sports, Vacation and Travel Show
February 7-15

Louisville Sports, Boat and Vacation Show
February 14-22

Philadelphia Boat Show
February 14-23

The Greater Northwest Camping Show
Minneapolis
February 18-22

St. Louis Sports, Travel and Boat Show
February 20 - March 1

5th West Penn Sportsmen's Show
Pittsburgh
February 25 - March 1

Colorado Sport and Vacation Show
Denver
March 3-8

New York International Sports and Vacation Show
March 7-15

American and Canadian Sportsmen's Vacation and Boat Show
Cleveland
March 13-22

Duluth Boat, Sports and Travel Show
March 18-22

Washington Sports, Camping and Travel Show
March 21-29

Iowa Sports and Vacation Show
Des Moines
March 31 - April 5

Northern California's International Trade and Travel Show '70		
Sacramento	-	April 1-4
Mountain View	-	April 8-11
San Leandro	-	April 15-18
San Jose	-	April 22-25
Concord	-	April 29 - May 2

Travel Industry Trade Show

New York	-	April 6-7
Hartford	-	April 8
Boston	-	April 9
Baltimore	-	April 13
Philadelphia	-	April 14
New Jersey	-	April 15
Long Island	-	April 16

CO-OP PROMOTIONS

The Canadian Government Travel Bureau produced the 1969 Spring series (April, May) of co-op travel promotions in Boston, Detroit and Minneapolis shopping centres.

The co-operating provincial partners were the Atlantic Provinces in Boston; Quebec and Ontario in Detroit; Ontario, Manitoba and Saskatchewan in Minneapolis. Additional support was supplied by the private sector - carriers, hotels, motels and car-rental firms.

For the in-store promotion, Canadian Government Travel Bureau co-operated with the provinces of Manitoba, Ontario and Quebec in providing advertising, exhibit and entertainer support to Trade Fairs Division.

A tour of Britain's county fairs by a CGTB self-contained travel promotion van and the RCMP Musical Ride was made possible through the co-operation of the Department of Justice. The 2,000-square-foot Canadian stand supporting the Captain Cook Bicentenary in Australia was helped by the Department of External Affairs and CP Air.

To reach travel organizers, the Bureau co-operated with provincial and private industry convention promoters to provide a Canadian pavilion in Las Vegas; it joined Air Canada and CP Air in the Berlin exhibit to reach European travel agents; it promoted boating holidays in co-operation with Canadian boat manufacturers exhibiting at Boston through the Department's Fairs and Mission Branch; and it provided travel display material to Auckland, N.Z. stores to support Canadian participation in the Pacific Area Travel Association Convention.

Provincial and private industry exhibitors in eastern United States ski shows were supported in their efforts by the Bureau through a series of lecture/slide seminar/receptions to which the trade, press and special interest groups were invited.

DISPLAYS

Window displays were designed, fabricated and shipped to Travel Bureau offices in the United States, and in London, Paris, Frankfurt and Tokyo on a monthly basis.

The Promotion Section developed new self-contained exhibits and provided travel promotion display material to all Canadian Government Travel Bureau offices for distribution to the travel trade throughout the world

Appendix "G"

CANADIAN MISSIONS - March 31, 1969 - March 31, 1970

Incoming

Education Mission from Bermuda	April 9 to April 23	- 4 members
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The purpose of this mission was to acquaint Bermudian educational officials with Canadian educational products and associated services.

Chemicals Mission from Czechoslovakia	May 18 to	
	May 31	- 4 members

The primary purpose of this mission was market reconnaissance and sales.

Nuclear Mission from Europe, Mexico Brazil and South Africa	June 8 to June 14	- 4 members
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The itinerary was arranged to acquaint potential purchasers with Canadian capabilities to design and build nuclear power plants and to supply components. Representatives were invited to attend the annual conference of the Canadian Nuclear Association.

Beef Cattle Mission from Mexico	June 20 to	
	July 6	- 4 members

The mission was sponsored to demonstrate the productive capacity, hardiness and excellent health status of Canadian purebred beef cattle.

Airport Equipment Mission from Jamaica and the Cayman Islands	July 1 to July 16	- 5 members
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The principal objective of this mission was to explore the opportunities for marketing Canadian airport equipment.

Seed Potato Mission from Israel	July 17 to	
	July 26	- 2 members

Main objective of this mission was to familiarize Israeli Government plant protection specialists with Canadian seed potato varieties and phytosanity control and certification.

Regional School Building Centre
of Latin America, CONESCAL
(UNESCO)

July 18 to - 4 members
July 28, 1969

The purpose of this mission was to allow members of CONESCAL to examine systems-built schools by the Metropolitan Toronto School Board, the Montreal Catholic School Board and the New Brunswick Department of Education.

Water Bomber Mission from
Australia and New Zealand

August 9 to
August 30 - 6 members

The mission members inspected water bombing techniques for forest fire control in British Columbia, Quebec and Ontario.

Dairy Cattle Mission from Peru

August 10 to
August 20 - 6 members

This mission was sponsored to bring a selected group of Peruvian cattle buyers to Canada to stimulate Peruvian interest in Canadian breeding stock.

Rapeseed Mission from Japan

August 16 to
August 28 - 17 members

The purpose of the mission was to maintain contacts between Canadian suppliers of rapeseed and Japanese importers; to emphasize to the Japanese the uses of rapeseed meal in livestock and poultry feeds; to cement relations further with regard to the Japanese - Canadian Rapeseed Association; and to stress the high quality of Canadian rapeseed oil to the Japanese.

Dairy Cattle Mission from West Germany

September 14 to
September 27 - 9 members

As a further step in the continuing campaign to make overseas buyers aware of Canada as a source of top quality dairy cattle a group of two veterinarians and six dairy men from West Germany was invited by the Department of Industry, Trade and Commerce to visit several dairy herds and some of the government and co-operative institutes working with the Canadian industry.

Footwear Mission from the United States

September 28 to
September 30 - 85 members

The mission was aimed at direct sales. It also sought to ascertain the areas of footwear sales possibilities, the categories and price ranges in which U.S. buyers would be interested, and the feasibility of future missions of this type.

Sawmill Machinery and Forestry	October 19	
Equipment Mission from Chile and Colombia	October 31	- 5 members

The mission was composed of three members from Chile and two from Colombia. Its purpose was primarily sales and the itinerary was arranged to demonstrate Canadian sawmilling, woodworking and logging equipment. Mission members discussed trade developments between Latin America and Canada.

Meat Industry from Japan	October 26 to November 10	- 13 members
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Thirteen members representing the Japanese meat industry, including officers from the three Japanese Ministries involved in the importation of meat, came to Canada to study Canadian livestock and meat production, grading and quality. The ultimate aim of the mission was to develop Canadian export of meat products to Japan.

Outgoing

Oil Field Automation Equipment Mission to the Middle East	April 1 to May 3	- 5 members
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This mission was arranged to promote Canadian capabilities in automation and associated equipment and services; also to establish an awareness of this huge market and develop necessary contacts for Canadian industry.

Petroleum and Petro-Chemical Mission to Trinidad, Venezuela and the Netherlands Antilles	May 21 to June 8	- 5 members
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The primary purpose of the mission was to make sales. Other important aspects were the assessment of opportunities in pipeline laying and production techniques, mechanical requirements, geophysical exploration, processing plant equipment and wellhead completion, control and maintenance operations.

Fur Mission to Japan and Hong Kong May 26 to
June 7 - 7 members

This mission was designed to make a complete assessment of the fur industry to take full advantage of the expanding markets.

Mission on Dimensional Standards November 13 to
to Britain, Sweden, Denmark and November 28 - 7 members
France

The purpose of this mission was to study the development of dimensional standards in various countries and the philosophy of their application.

Tobacco Trade Development Mission February 13 to
to Britain, Germany and Japan March 6, 1970 - 8 members

The principal objectives of this mission were to develop and define long-term trade prospects in Britain, Germany and Japan, and increase purchases from the 1969 crop auctions; also to initiate more trade exchanges between leaf tobacco buyers and blenders abroad and the exporters in Canada with a view to expanding long-term trade using Canada's unique crop planning system.

New Dairy Products Technical Mission February 20 to
to Europe (England, The Netherlands, March 8, 1970 - 18 members
France, Switzerland, Germany and Sweden)

This mission was arranged to expose Canadian dairy producers to the new dairy products now being produced in Europe.

Medical and Scientific Equipment February 23 to
Mission to Poland, Czechoslovakia, March 13, 1970 - 6 members
Hungary and Romania

The main objective of this mission was to demonstrate to the countries being visited Canadian capabilities in the sophisticated equipment field.

Contract Furniture Mission to U.S. February 24 to
(New York, Detroit and Chicago) March 7, 1970 - 7 members

This mission was designed to explore and assess market conditions for contract furniture in the U.S. and to establish contacts with authorities in this field in

order to develop sales for Canadian contract furniture manufacturers and to encourage designers, architects, specifiers and other influentials to include contract furniture from Canada in their specifications.

Hotel Equipment Mission to Pacific Rim Countries (Singapore, Thailand, Malaysia, Philippines, Taiwan, Hong Kong, Australia, New Zealand and Fiji Islands)	February 28 to March 22, 1970 - 8 members
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The selling and reconnaissance aspects were the two main purposes -- establishing Canadian industries with vital contacts in South East Asia markets; providing interested Canadian hotel and tourism industry firms with the marketing and technical information necessary to become established in the market and to follow up future projects and sales opportunities.

THE CANADIAN GOVERNMENT TRAVEL BUREAU

The CGTB participated in the following outgoing Travel Trade missions.

Travel Trade Mission to Southern United States	June 1969	- 1 member
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Purpose - To survey tour operators and travel agents in such centres as Tampa, Miami, Atlanta, New Orleans and Houston to discover new business for Canada.

Travel Trade Mission to Western Europe and United Kingdom	January, February, March 1970
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Purpose - Audio-visual presentations of Canada as a vacation destination to key travel industry executives in approximately 35 cities in Western Europe and United Kingdom (in co-operation with Air Canada, CP Air and local transportation companies).

Travel Trade Mission to Latin America	March 1970	- 4 members
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Purpose - Survey of tour operators and travel agents in Argentina, Brazil, Chile,

Colombia, Peru and Venezuela to analyze the Latin American tourist business potential.

The CGTB participated in the following incoming Travel Trade missions.

Southern U.S. Travel Agents	September 1969	- 12 members 3 escorts
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As a result of the survey taken in June 1969, of the southern U.S. market, a group of travel agents and tour operators was taken on a cross-Canada tour visiting Victoria, Vancouver, Banff area, Calgary, Toronto, Niagara Falls and Montreal (in co-operation with Air Canada).

Mexican Travel Agents	October 1969	- 14 members, 2 escorts
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Group taken on a cross-country tour visiting Victoria, Vancouver, Banff-Jasper area, Calgary, Toronto, Niagara Falls, and Montreal (in co-operation with CP Air).

Appendix "H"

Publications produced by the Publicity Branch from March 31, 1969 to March 31, 1970

PERIODICALS

Canada Courier - Canada's international trade promotion newspapers in five languages.
Foreign Trade - Fortnightly magazine for Canadian exporters.
Commerce Extérieur - Monthly magazine for Canadian exporters.
BEAM Bulletin - quarterly (Building Equipment, Accessories and Materials Program)

COMMODITY BOOKLETS

Canada Exhibits Abroad - English, French
New York Buyers Guide - English, French
Some Basics of Building with Timber Frame Construction - English, French
The House that Canada Builds - English
Peat Moss, folders - English
Airports for Export, The World Markets - French
Hotels for Export, Phase I - English
Canada in the World of Electronics - English
Canadian Auto Parts - English
Canadian Kitchen Cabinets - English
Brand Canada - English, Spanish
Dairy Cattle series: General, Holstein-Friesian, Guernsey, Ayrshire, Jersey - English, Spanish
Directory of Canadian Educational Products - English
A Directory of Canadian Oil and Gas Equipment and Services - English
The Progenitors (Artificial insemination of cattle) - English
The Canadian Hospital and Medical Equipment Catalogue - English
Metal Fasteners from Canada - English, French, Spanish
Grinding Balls and Rods from Canada - English, Spanish

LINE BRANCH PUBLICATIONS

BEAM Program - Report on the Montreal Catholic School Commission Research in Educational Facilities - English, French
BEAM Program - Survey of Building Materials, Systems and Techniques at Expo 67 - English, French
BEAM Program - A Directory of Modular Building Components - English, French
BEAM Program, Progress Report - English, French
BEAM Program - Lectures and Proceedings of a National Conference on a Systems Approach to Building - English, French
BEAM Program, Building Standards Index - English
BEAM Program - Progress Report on the Development of an Information System for the Canadian Construction Industry - English
Canadian Defence Products - English
Canadian Defence Commodities - English
'Design Canada' Centres - Bilingual

'Design Canada' The Office, Environmental Planning, Part I -
 Bilingual
 'Design Canada' The Office, inserts - English, French
 'Design Canada' Patent Seminar Report - English
 'Design Canada' Scholarships and Grant kit - Bilingual
 'Design Canada' A Guide for Consumers - Bilingual
 Directory of Scientific and Research Development Establishments
 in Canada - English, French
 Doing Business in Canada Series, Chapter 1 to 6 - English,
 French, German
 Foreign-owned Subsidiaries in Canada 1964-67 - English, French
 Markets for Canadian Exporters Series, Japan - English
 Canadian Chemical Register - English, French
 IRDIA (Industrial Research and Development Incentives Act)
 How to Apply - English
 PIDA (Pharmaceutical Industry Development Assistance) - English,
 French
 PAIT (Program for the Advancement of Industrial Technology) -
 Bilingual
 Canada, Gateway to North American Markets - English, Italian
 Canadian Leather Footwear Industry Productivity Study, Volumes
 1-3 - English
 White Paper on Metric Conversion in Canada - English, French
 Die Casting in Canada - English, French
 Protect Your Investment with Canadian Galvanizing - English, French
 Academic Education in Naval Architecture and Marine Engineering -
 English
 Machinery Program Analysis, 1968 Imports
 Central Processing of Meats in Western Europe (Part I) - Bilingual
 Processing of Cheese Whey in Canada - English, French
 A Review of the Toy and Game Industry in Canada - English, French
 A Review of the Sporting Goods Industry in Canada - English, French
 Report of the Canadian Fur Mission to Japan and Hong Kong -
 English, French
 Technical Plywood Mission to Japan - English, French
 Hotel Equipment Mission to Pacific Rim Countries - English
 Canadian Petroleum and Petro-Chemical Equipment Mission to
 Trinidad, Venezuela and the Netherlands Antilles - English
 Consulting Engineering and Capital Equipment Mission to Australia,
 New Zealand and Fiji - English
 Medical and Scientific Equipment Mission to Eastern Europe - English

TRADE FAIR PUBLICATIONS

Building and Heating Exhibition, Utrecht, April 10-19
 Southern Pine Machinery and Equipment Exposition, New Orleans,
 April 12-14
 Solo Apparel Show, Ladies' Outerwear, New York
 Phase I - April 14-18, Phase II - June 1-13
 Processed Foods Exhibit, Tokyo - April 14-16, Osaka - April 21-23
 International Fur Fair, Frankfurt - April 23-27
 Supermarket Institute Show, Atlantic City - May 11-14
 Salon International de l'Aeronautique et l'Espace, Paris -
 May 29 - June 8
 International Hospital Exhibition, Duesseldorf - June 19-25

American Institute of Architects Convention, Chicago - June 22-26
 Pacific Fine Foods and Beverage Fair, Los Angeles - July 13-16
 International Engineering Show, Melbourne - August 4-9
 San Francisco Gift Show, San Francisco - August 10-13
 Western Electronic Show and Convention (WESCON), San Francisco -
 August 10-13
 International Trade Fair, Auckland - August 20 - September 6
 International Trade Fair, Brno - September 7-16
 International Autumn Fair, Zagreb - September 11-21
 Semaine Internationale du Cuir, Paris - September 12-17
 International Watch and Jewellery Trade Fair, London - September 15-19
 National Office Products Association Convention and Exhibition,
 Chicago - September 24-27
 Japan Electronics Show, Osaka - October 1-7
 International Nuclear Industries Fair (NUCLEX), Basle - October 6-11
 Packaging Machinery Show, Detroit - October 27-30
 International Building Exhibition, London - November 12-15
 Salon International du Batiment (BATIMAT), Paris - November 20-30
 Solo Apparel Show, Ladies' Outerwear, New York
 Phase I - November 18-21, Phase II - January 5-16
 American Vocational Association Convention, Boston - December 6-9
 German Industries Fair, Hanover - April 26 - May 4
 The Canadian Container Routes, Canada at the 2nd International
 Container and Combined Traffic Fair, Hamburg - October 21-26
 International Hotel and Catering Exhibition, London - January 6-15
 Sea-Going Food Fair, Caribbean - January 15-18
 National Association of Homebuilders Convention, Houston - January 18-22
 National Sporting Goods Association Convention, Chicago - February 1-15
 Solo Men's Apparel Show, New York - February 3-6
 American Association of School Administrators Annual Convention,
 Atlantic City - February 14-18
 International Exhibition and Conference for Shopfitting and
 Display Equipment (EUROSHOP), Duesseldorf - February 21-25
 "Boston Herald-Traveller" New England Boat Show, Boston -
 February 20 - March 1
 New England Hospital Assembly, Boston - March 23-25
 Institute of Electrical and Electronic Engineers Conference and
 Exhibition (IEEE), New York - March 23-26
 Boston Furniture Show, Boston - March 31 - April 2

TRAVEL BUREAU PUBLICATIONS

The Canadian Government Travel Bureau produces some 37 promotional and informational books in Danish, Dutch, English, Finnish, French, German, Greek, Italian, Japanese, Norwegian, Portuguese, Spanish and Swedish, as well as special versions for Australia and for Britain. Most publications are in colour.
 Titles are:

National Parks Accommodation Guide
 Adventure Tours from the Trans-
 Canada Highway

Honeymoon in Canada
 Hunters' Paradise
 Ice-field Highway

Atlantic Canada
 Big Holidayland
 Budget Hotels
 Campgrounds and Picnic Sites along
 the Trans-Canada Highway
 Canada (Promotion booklet)
 Canada Border Crossing Information
 Canada, the In place
 Canada Events
 Canada in Wintertime
 Convention Manual
 Direct Mail Folders (various subjects)
 Ferries, Bridges, Cruises
 Firearms and Fishing Tackle
 Regulations
 Fisherman's Paradise
 Havens from Hay Fever
 Highway Map, Canada and Northern
 United States

Know Canada Better
 Mackenzie Route to Northwest
 Territories
 National Parks West
 National Parks East
 National Parks
 Natural Wonders

 Package Tours
 Radiant in the Mood of Autumn
 Road to Yukon Adventure
 See Canada at Work
 Ski Canada
 Something Different
 So You're Going to Canada
 Summer Courses
 Travel Agents Manual
 Youth Hostels

A folder titled "Canada, The Big Holidayland" was prepared and translated into Japanese for distribution at Expo '70, Osaka. This folder will also be translated into all other languages.

The "See Canada at Work" folder was written to assist businessmen to combine business with pleasure. It informs them how to make arrangements to visit business establishments in this country. This folder will be translated into many languages.

A new series of posters depicting typical Canadian scenes was produced early in the new year.

Individual CGTB Newsletters Issued Abroad

<u>JAPAN</u>	"Canada" Newsletter - six per year (Japanese)
<u>AUSTRALIA</u>	"Canada" Traveletter- issued quarterly (English)
<u>GERMANY</u>	"FERIEN IN KANADA" - quarterly (German)
<u>FRANCE</u>	"VACANCES AU CANADA"- quarterly (French)

Appendix "I"

TRADE AND TARIFF ARRANGEMENTS IN FORCE AS OF MARCH 31, 1970

Canada's tariff arrangements with other countries fall into three main categories: trade agreements with a number of Commonwealth countries; the General Agreement on Tariffs and Trade (GATT); and other agreements and arrangements.

The Commonwealth countries with which Canada has trade agreements providing for exchange of preferential rates are: Australia, Bahamas, Barbados, Bermuda, British Honduras, Guyana, Jamaica, the Leeward and Windward Islands, Trinidad and Tobago, New Zealand and Britain and its dependent territories, except Hong Kong and the South Arabian Federation.

Canada also exchanges preferences with Ceylon, Cyprus, Gambia, Malawi, Malaysia, Malta, and Singapore and accords preferences to India, Pakistan, Ghana, Nigeria, Kenya, Sierra Leone, Tanzania, Uganda and Zambia. Many of these countries are also members of GATT. In addition, Canada has trade agreements with Ireland and South Africa under which preferences are exchanged, and exchanges specified preferences with Western Samoa.

Canada signed the Protocol of Provisional Application of the General Agreement on Tariffs and Trade on October 30, 1947, and brought the General Agreement into force on January 1, 1948. The Agreement provides for scheduled tariff concessions and the exchange of most-favoured-nation treatment among the contracting parties, and lays down rules and regulations to govern the conduct of international trade.

The membership of GATT remains at 76 full members. These countries and the effective dates of their accession are indicated in the table which follows. In addition, Tunisia is a member. The GATT is applied on a de facto basis to a number of newly independent states, pending final decisions as to their future commercial policy.

Trade relations between Canada and a number of other countries are governed by trade agreements of various kinds, by exchange of most-favoured-nation treatment under Orders-in-Council, by continuation to newly independent states of the same treatment originally negotiated with the countries previously responsible for their commercial relations, and by even less formal arrangements.

Further particulars regarding trade and tariff agreements and arrangements in force on March 31, 1970 may be summarized as follows:

1. Arrangements with Commonwealth Countries

Country

Agreement

Tariff Treatment

Australia-----Trade Agreement signed Feb. 12, 1960, in force June 30, 1960.
GATT effective Jan. 1, 1948.

Agreement provides for bindings of rates of duty and margins of preference on specified products and exchange of preferential tariff rates on most other products.

Barbados-----Relations based on Canada-West Indies Trade Agreement and protocol thereto (see Commonwealth Caribbean)
GATT effective Nov. 30, 1966.

Agreement provides for exchange of preferential tariff treatment.

Botswana-----Relations continue to be governed by Trade Agreement of 1937 with Britain. GATT de facto application.

Canada accords British preferential tariff treatment to Botswana.

Ⓜ Britain-----Trade Agreement signed Feb. 23, 1937, effective Sept. 1, 1937, modified by exchanges of letters Nov. 16, 1938, and Oct. 30, 1947. GATT effective Jan. 1, 1938.

Various concessions are granted by each country including exchange of preferential tariff treatment. The Agreement (as modified) includes provisions relating to the Colonies, Dependencies and Trusteeships.

Ceylon-----Relations continue to be governed by Trade Agreement of 1937 with Britain.
GATT effective July 29, 1948.

Canada and Ceylon exchange British preferential tariff treatment.

Country	Agreement	Tariff Treatment
Commonwealth Caribbean----- Bahamas, Bermuda, British Honduras, Leeward Islands, Windward Islands.	Canada-British West Indies Trade Agreement signed July 6, 1925; in force April 30, 1927; Canadian notice of termination of Nov. 23, 1968, was replaced by notice of Dec. 27, 1939, which continued the Agreement. Protocol signed July 8, 1966, provides inter alia for continuation of 1925 Agreement.	Agreement provides for exchange of preferential tariff treatment.
Cyprus-----	-----GATT effective Aug. 16, 1960.	Canada and Cyprus exchange British preferential tariff treatment.
Gambia-----	-----GATT effective Feb. 18, 1965.	Canada and Gambia exchange preferential tariff treatment.
Ghana-----	-----GATT effective Oct. 18, 1957.	Canada accords British preferential tariff treatment to Ghana (except on cocoa beans). Ghana extends most-favoured-nation treatment to Canada.
Guyana-----	-----Relations based on Canada-West Indies Trade Agreement and Protocol thereto (see Commonwealth Caribbean). GATT effective July 5, 1966.	Agreement provides for exchange of preferential tariff treatment.

Country	Agreement	Tariff Treatment
India-----	Since 1897, Canada has unilaterally accorded British preferential treatment without contractual obligation. GATT effective July 8, 1948.	Canada accords British preferential tariff treatment to India. India extends most-favoured-nation treatment to Canada.
Jamaica-----	Relations are based on Canada-West Indies Trade Agreement and protocol thereto (see Commonwealth Caribbean). GATT effective Aug. 6, 1962.	Agreement provides for exchange of preferential tariff treatment.
Kenya-----	Relations continue to be governed by Trade Agreement of 1937 with Britain. GATT effective Dec. 12, 1963	Canada accords British preferential tariff treatment to Kenya. Kenya extends most-favoured-nation treatment to Canada.
Lesotho-----	Relations continue to be governed by Trade Agreement of 1937 with Britain. GATT de facto application.	Canada accords British preferential tariff treatment to Lesotho.
Malawi-----	Malawi and Canada observe the terms of the 1958 Trade Agreement between Canada and the former Federation of Rhodesia and Nyasaland. GATT effective July 6, 1964.	Canada exchanges preferential tariff treatment with Malawi.
Malaysia-----	Relations continue to be governed by Trade Agreement of 1937 with Britain. GATT effective Sept. 16, 1963.	Canada and Malaysia exchange British preferential tariff treatment.

Country	Agreement	Tariff Treatment
Maldiv Islands-----	GATT de facto application	Canada accords British preferential tariff treatment to the Maldiv Islands.
Malta-----	Relations continue to be governed by Trade Agreement of 1937 with Britain. GATT de facto application.	Canada exchanges British preferential tariff treatment.
Mauritius-----	GATT de facto application.	Canada exchanges British preferential tariff treatment.
New Zealand-----	Trade Agreement signed Apr. 23, 1932; in force May 24, 1932. GATT effective July 26, 1948.	Agreement provides for bindings of rates of duty on specified products and the exchange of preferential tariff rates on all other products.
Nigeria-----	Relations continue to be governed by Trade Agreement of 1937 with Britain. GATT effective Oct. 1, 1960.	Canada accords British preferential treatment to Nigeria. Nigeria extends most-favoured-nation treatment to Canada.
Pakistan-----	Canada unilaterally accords British preferential tariff treatment without contractual obligation. GATT effective July 30, 1948.	Canada accords British preferential tariff treatment to Pakistan. Pakistan accords most-favoured-nation tariff treatment to Canada.
Rhodesia-----	Canada does not recognize the present Government of Rhodesia.	Trade embargo exists between Canada and Rhodesia with certain humanitarian exceptions.

Country	Agreement	Tariff Treatment
Sierra Leone-----	Relations continue to be governed by Trade Agreement of 1937 with Britain. GATT effective April 27, 1961.	Canada accords British tariff preferential tariff treatment to Sierra Leone. Sierra Leone extends most-favoured nation tariff treatment to Canada.
Singapore-----	GATT de facto application.	Canada and Singapore exchange preferential tariff treatment.
Swaziland-----	GATT de facto application.	Canada and Swaziland exchange preferential tariff treatment.
Tanzania-----	GATT effective for Tanganyika Dec. 9, 1961 and extended to Zanzibar upon formation of United Republic, April 23, 1964.	Canada accords British preferential tariff treatment to Tanzania. Tanzania extends most-favoured-nation treatment to Canada.
Trinidad and Tobago-----	Relations are based on Canada-West Indies Trade Agreement and protocol thereto (see Commonwealth Caribbean). GATT effective Aug. 31, 1962.	Agreement provides for exchange of preferential tariff treatment.
Uganda-----	GATT effective Oct. 9, 1962.	Canada accords British preferential tariff treatment to Uganda. Uganda extends most-favoured-nation tariff treatment to Canada.
Zambia-----	GATT de facto application.	Canada accords preferential tariff treatment to Zambia. Zambia extends most-favoured-nation treatment to Canada.

Country	Agreement	Tariff Treatment
2. Arrangements with Non-Commonwealth Countries		
Algeria-----	-----Franco-Canadian Trade Agreement of 1933 applied to Algeria. Algeria maintains a de facto application of GATT.	Since the creation of Algeria as an independent state in 1962, Canada has continued to grant most-favoured-nation treatment.
Argentina-----	-----Trade Agreement signed Oct. 2, 1941; provisionally in force Nov. 15, 1941. GATT effective Oct. 11, 1967.	Exchange of most-favoured-nation treatment.
Austria-----	-----GATT effective Oct. 19, 1951.	Exchange of most-favoured-nation treatment.
Belgium--Luxembourg-----	-----Convention of Commerce with the Belgium-Luxembourg Economic Union (including Belgian colonies) entered into effect Oct. 22, 1924. GATT effective Jan. 1, 1948.	Exchange of most-favoured-nation treatment.
Benelux - Belgium-- Netherlands-- Luxembourg Customs Union-----	-----See Belgium, Luxembourg and Netherlands.	
Bolivia-----	-----Order-in-Council of July 20, 1935, accepted Article 15 of the United Kingdom-Bolivia Treaty of Commerce.	Exchange of most-favoured-nation treatment. May be terminated on one year's notice.
Brazil-----	-----Trade Agreement signed Oct. 17, 1941; provisionally in force from date of signing and definitely on April 16, 1943. GATT effective July 31, 1948.	Exchange of most-favoured-nation treatment.

Country	Agreement	Tariff Treatment
Bulgaria-----	-----Trade Agreement signed Oct. 8, 1963 renewed for further 3 years from Oct. 8, 1966.	Exchange of most-favoured-nation treatment and undertaking by Bulgaria to purchase a minimum of 200,000 metric tons of wheat or equivalent in flour during the three years' validity of the Agreement.
Burma-----	-----GATT effective July 29, 1948.	Exchange of most-favoured-nation treatment.
Burundi-----	-----GATT effective Nov. 25, 1965.	Exchange of most-favoured-nation treatment.
Cambodia-----	-----Franco-Canadian Trade Agreement of 1963 applied to Cambodia. Became a de facto member of GATT in 1968.	Since the creation of Cambodia as an independent state in 1955, Canada has continued to grant most-favoured-nation treatment.
Cameroun-----	-----Franco-Canadian Trade Agreement of 1933 applied to Cameroun. GATT effective Nov. 28, 1960.	Exchange of most-favoured-nation treatment.
Central African Republic--	-----Franco-Canadian Trade Agreement of 1933 applied to Central African Republic. GATT effective Aug. 14, 1960.	Exchange of most-favoured-nation treatment.
Chad-----	-----Franco-Canadian Trade Agreement of 1933 applied to Chad. GATT effective Aug. 11, 1960.	Exchange of most-favoured-nation treatment.
Chile-----	-----Trade Agreement signed Sept. 10 1941; in force provisionally Oct. 15, 1941; and definitely on Oct. 29, 1943. GATT effective Mar. 16, 1948.	Exchange of most-favoured-nation treatment.

Country	Agreement	Tariff Treatment
China-----	-----Modus vivendi signed Sept. 26, 1946, in effect since Sept. 28, 1946.	Exchange of most-favoured-nation treatment. May be terminated on three months' notice.
Colombia-----	-----Treaty of Commerce with Britain of Feb. 16, 1866, applies to Canada. Modified by protocol of Aug. 20, 1912 and exchange of notes Dec. 30, 1938.	Exchange of most-favoured-nation treatment. May be terminated on three months' notice.
Congo (Brazzaville)-----	-----Franco-Canadian Trade Agreement of 1933 applies to Congo (Brazzaville). GATT effective Aug. 15, 1960.	Exchange of most-favoured-nation treatment.
Congo (Kinshasa)-----	-----Belgo-Canadian Convention of Commerce of 1924 applied to the Congo (Kinshasa) which maintains a de facto application of GATT.	Since the Congo's independence in 1960, ¹⁾ Canada has continued to grant most-favoured-nation treatment.
Costa Rica-----	-----Modus vivendi signed Nov. 18, 1950; brought into force Jan. 26, 1951.	Exchange of most-favoured-nation treatment. May be terminated on three months' notice.
Cuba-----	-----GATT effective Jan. 1, 1948	Exchange of most-favoured-nation treatment.
Czechoslovakia-----	-----Convention of Commerce signed Mar. 15, 1928, in force Nov. 14, 1928. GATT effective May 21, 1948.	Exchange of most-favoured-nation treatment.

Country	Agreement	Tariff Treatment
Dahomey-----	-----Franco-Canadian Trade Agree- ment of 1933 applied to Dahomey. GATT effective Aug. 1, 1960	Exchange of most-favoured- nation treatment.
Denmark----- (Including Greenland)	-----Treaties of Peace and Commerce with Britain of Feb. 13, 1660, and July 11, 1670, apply to Canada. GATT effective May 28, 1950	Exchange of most-favoured- nation treatment.
Dominican Republic-----	-----Trade Agreement signed Mar. 8, 1940; in force Jan. 22, 1941. GATT effective May 19, 1950.	Exchange of most-favoured- nation treatment, including scheduled concessions.
Ecuador-----	-----Modus vivendi signed Nov. 10, 1950; in force Dec. 1, 1950.	Exchange of most-favoured- nation treatment. May be terminated on three months' notice.
Egypt-----	-----See United Arab Republic	
El Salvador-----	-----Exchange of notes of Nov. 2, 1937, in force Nov. 17, 1937.	Exchange of most-favoured- nation treatment. May be terminated on four months' notice.
Ethiopia-----	-----Exchange of notes effective June 3, 1955.	Exchange of most-favoured- nation treatment. May be terminated on three months' notice.
Finland-----	-----Exchange of notes of Nov. 13-17, 1948 effective Nov. 17, 1948. GATT effective May 25, 1950.	Exchange of most-favoured- nation treatment.

Country	Agreement	Tariff Treatment
France and French overseas territories-----	Trade Agreement signed May 12, 1933; in force June 10, 1933. Exchange of notes of Sept. 29, 1934, and additional protocol of Feb. 26, 1935. GATT effective Jan. 1, 1948	Exchange of most-favoured-nation treatment including scheduled concessions.
Gabon-----	Franco-Canadian Trade Agreement of 1933 applied to Gabon. GATT effective Aug. 17, 1960.	Exchange of most-favoured-nation treatment.
Germany, Federal Republic of--	GATT effective Oct. 1, 1951.	Exchange of most-favoured-nation treatment.
Greece-----	Modus vivendi by exchange of notes of July 24-28, 1947. GATT effective Mar. 1, 1951.	Exchange of most-favoured-nation treatment.
Greenland-----	See Denmark	
Guatemala-----	Trade Agreement signed Sept. 28, 1937; in force Jan. 14, 1939.	Exchange of most-favoured-nation treatment. May be terminated on six months' notice.
Guinea-----	Franco-Canadian Trade Agreement of 1933 applied to Guinea.	Since creation of Guinea as an independent state in 1958, Canada has continued to grant most-favoured-nation treatment.
Haiti-----	Trade Agreement signed Apr. 23, 1937; in force Jan. 10, 1939. GATT effective Jan. 1, 1950	Exchange of most-favoured-nation treatment.

Country	Agreement	Tariff Treatment
Honduras	Exchange of notes signed July 11, 1956 effective July 18, 1956. Ratified in Honduras Sept. 5, 1956.	Exchange of most-favoured-nation treatment. May be terminated on three months' notice.
Hungary	Trade Agreement, June 11, 1964, renewed for three years from Aug. 9, 1968.	Exchange of most-favoured-nation treatment and minimum purchase undertakings by Hungarian foreign trade enterprises.
Iceland	GATT effective April 21, 1968.	Exchange of most-favoured-nation treatment.
Indonesia	GATT effective Mar. 1, 1948.	Exchange of most-favoured-nation treatment.
Iran	Special arrangement by Order-in-Council effective Feb. 1, 1951. Iran accorded most-favoured-nation treatment from Sept. 5, 1956.	Canada grants most-favoured-nation tariff rates as long as Iran accords reciprocal treatment.
Iraq	Special arrangement by Order-in-Council effective Sept. 15, 1951.	Exchange of most-favoured-nation tariff treatment.
Ireland	Trade Agreement signed Aug. 20, 1932; in force Jan. 2, 1933; modified by exchange of letters Dec. 21, 1967. GATT effective Dec. 22, 1967.	Agreement provides for bindings to Canada of rates of duty on specified products, and for exchange of preferential tariff treatment.
Israel	GATT effective July 5, 1962.	Exchange of most-favoured-nation treatment.

Country	Agreement	Tariff Treatment
Italy-----	Modus vivendi by exchange of notes of Apr. 23-28, 1948; effective Apr. 28, 1948. GATT effective Jan. 1, 1950.	Exchange of most-favoured-nation treatment.
Ivory Coast-----	Franco-Canadian Trade Agreement of 1933 applied to Ivory Coast. GATT effective Aug. 7, 1960.	Exchange of most-favoured-nation treatment.
Japan-----	Agreement on Commerce signed Mar. 31, 1954; effective June 7, 1954. GATT effective Sept., 10, 1955.	Exchange of most-favoured-nation treatment.
Korea, Republic of-----	Trade Agreement signed Dec. 20, 1966. Korea became a full member of GATT, April 14, 1967.	Canada and Korea exchange most-favoured-nation treatment.
Kuwait-----	GATT effective June 18, 1961.	Exchange of most-favoured-nation treatment.
Laos-----	Franco-Canadian Trade Agreement of 1933 applied to Laos.	Since the creation of Laos as an independent state in 1955, Canada has continued to grant most-favoured-nation treatment.
Lebanon-----	Special arrangement, by Order-in-Council on Nov. 19, 1946.	Canada grants most-favoured-nation tariff rates as long as Lebanon accords reciprocal treatment.
Liberia-----	Special arrangement, by Order-in-Council effective Mar. 1, 1955.	Canada accords most-favoured-nation treatment.
Liechtenstein-----	See Switzerland	
Luxembourg-----	See Belgium-Luxembourg	

Country	Agreement	Tariff Treatment
Malagasy Republic	-----Franco-Canadian Trade Agreement of 1933 applied to Malagasy Republic. GATT effective June 25, 1960.	Exchange of most-favoured-nation treatment.
Mali, Federation of	-----Franco-Canadian Trade Agreement of 1933 applied to Mali. Mali maintains a de facto application of GATT	Since the creation of Mali as an independent state in 1960, Canada has continued to grant most-favoured-nation treatment.
Mauritania	-----Franco-Canadian Trade Agreement of 1933 applied to Mauritania. GATT effective Nov. 28, 1960.	Exchange of most-favoured-nation treatment.
Mexico	-----Trade Agreement signed Feb. 8, 1946; in force provisionally same date. Ratification exchanged on May 6, 1947; definitively in force 30 days from that date.	Exchange of most-favoured-nation treatment. May be terminated on six months' notice.
Morocco	-----Various agreements relating to former French, Spanish and International Zones of Morocco.	Since the creation of Morocco as an independent state in 1956, Canada has continued to grant most-favoured-nation treatment.
Netherlands	-----Convention of Commerce of July 11, 1924, includes Netherlands Antilles and Surinam. GATT effective Jan. 1, 1948.	Exchange of most-favoured-nation treatment.
Nicaragua	-----Trade Agreement signed Dec. 19 1946; in force provisionally same date. GATT effective May 28, 1950.	Exchange of most-favoured-nation treatment.

Tariff Treatment

Agreement

Country

Niger-----	Exchange of most-favoured-nation treatment.	Exchange of most-favoured-nation treatment.	Exchange of most-favoured-nation treatment.
Norway-----	Exchange of most-favoured-nation treatment.	Exchange of most-favoured-nation treatment.	Exchange of most-favoured-nation treatment.
Panama-----	While contractual obligation has expired, Canada and Panama continue to exchange most-favoured-nation treatment.	While contractual obligation has expired, Canada and Panama continue to exchange most-favoured-nation treatment.	While contractual obligation has expired, Canada and Panama continue to exchange most-favoured-nation treatment.
Paraguay-----	Exchange of most-favoured-nation treatment. May be terminated on three months' notice.	Exchange of most-favoured-nation treatment. May be terminated on three months' notice.	Exchange of most-favoured-nation treatment. May be terminated on three months' notice.
Peru-----	Exchange of most-favoured-nation treatment.	Exchange of most-favoured-nation treatment.	Exchange of most-favoured-nation treatment.
Philippines-----	Canada and Philippines continue to exchange most-favoured-nation treatment without contractual obligation.	Canada and Philippines continue to exchange most-favoured-nation treatment without contractual obligation.	Canada and Philippines continue to exchange most-favoured-nation treatment without contractual obligation.
Poland-----	Exchange of most-favoured-nation treatment.	Exchange of most-favoured-nation treatment.	Exchange of most-favoured-nation treatment.

Country	Agreement	Tariff Treatment
Portugal, Portuguese adjacent islands and Portuguese overseas provinces-----	Trade Agreement signed May 28, 1954, provisionally in effect July 1, 1954, definitively in force on ratification Apr. 29, 1955. GATT effective May 6, 1962.	Exchange of most-favoured-nation treatment.
Romania-----	Trade Agreement signed March 22, 1968, effective for three years from date of signature.	Exchange of most-favoured-nation treatment and minimum purchase by commitment by Romania.
Rwanda-----	GATT effective Jan. 1, 1966.	Canada grants most-favoured-nation treatment.
Senegal-----	Franco-Canadian Trade Agreement of 1933 applied to Senegal. GATT effective June 20, 1960.	Exchange of most-favoured-nation treatment.
South Africa-----	Trade Agreement signed Aug. 20, 1932, in force Oct. 13, 1932. Exchange of notes Aug. 2-31, 1935, effective retroactively from July 1, 1935. GATT effective June 14, 1948.	Exchange of British preferential rates on scheduled items. Exchange of most-favoured-nation treatment.
Spain and Spanish possessions-----	Since Aug. 1, 1928, Canada adhered to the United Kingdom-Spain Treaty of Commerce of Oct. 31, 1922. Trade Agreement signed May 25, 1954. GATT effective Aug. 29, 1963.	Exchange of most-favoured-nation treatment.

Country	Agreement	Tariff Treatment
Sweden-----	United Kingdom-Sweden Convention of Commerce and Navigation of Mar. 18, 1826, applies to Canada. GATT effective May 1, 1950.	Exchange of most-favoured-nation treatment.
Switzerland-----	United-Kingdom-Switzerland Treaty of Friendship, Commerce and Reciprocal Establishment of Sept. 6, 1885, applies to Canada. By exchange of notes, Liechtenstein included under terms of this agreement effective July 14, 1947. GATT effective Aug. 1, 1966.	Exchange of most-favoured-nation treatment.
Syrian Arab Republic-----	Special Arrangement by Order-in-Council of Nov. 19, 1946.	Canada grants most-favoured-nation treatment tariff rates as long as Syria accords reciprocal treatment.
Thailand-----	Modus vivendi by exchange of notes of April 22, 1969; effective April 22, 1969.	Exchange of most-favoured-nation treatment. May be terminated on three months' notice.
Togo-----	Franco-Canadian Trade Agreement of 1933 applied to Togo. GATT effective March 20, 1964.	Exchange of most-favoured-nation treatment.
Tunisia-----	Tunisia has acceded to GATT provisionally in 1959.	Since the creation of Tunisia as an independent state in 1956, Canada has continued to grant most-favoured-nation treatment.

Country	Agreement	Tariff Treatment
Turkey-----	Exchange of notes signed March 1, 1948; in effect March 15, 1948. GATT effective Oct. 17, 1951.	Exchange of most-favoured-nation treatment.
United Arab Republic (Egypt)-----	Exchange of notes Nov. 26 and Dec. 3, 1952 in force Dec. 3, 1952. The United Arab Republic has acceded provisionally to GATT.	Exchange of most-favoured-nation treatment. May be terminated on six months' notice.
United States-----	Trade Agreement signed Nov. 17, 1938, suspended as long as both countries continue to be contracting parties to GATT. GATT effective Jan. 1, 1948.	Most-favoured-nation treatment exchanged.
Upper Volta-----	Franco-Canadian Trade Agreement of 1933 applied to Upper Volta. GATT effective Aug. 5, 1960.	Exchange of most-favoured-nation treatment.
Uruguay-----	Trade Agreement signed Aug. 12, 1936, in force May 15, 1940. Additional protocol signed Oct. 19, 1953. GATT effective Dec. 16, 1953.	Most-favoured-nation treatment.
U.S.S.R.-----	Trade Agreement signed Feb. 29, 1956, renewed for three-year periods. Last renewed on March 1, 1969.	Exchange of most-favoured-nation treatment.
Venezuela-----	Modus vivendi signed and brought into force Oct. 11, 1950.	Exchange of most-favoured-nation treatment. Made for one year subject to annual renewal.

Country Agreement Tariff Treatment

Vietnam-----	Franco-Canadian Trade Agreement of 1933 applied to Vietnam.	Since the creation of Vietnam as an independent state in 1955, Canada has continued to accord most-favoured-nation rates.
Western Samoa-----	Relations continue to be governed by Trade Agreement of 1932 with New Zealand	The parties exchange specified preferences on scheduled goods and reciprocally exchange British preferential tariff rates on items not scheduled.
Yugoslavia-----	Trade Agreements Act of June 11, 1928, accepted Article 30 of United Kingdom-Serb-Croat-Slovene Treaty of Commerce and Navigation of May 12, 1937; in force Aug. 9, 1928. GATT effective Aug. 25, 1966.	Exchange of most-favoured-nation treatment.

Appendix "J"

Boards, Crown Corporations and Agencies Reporting to Parliament
through the Minister of Industry, Trade and Commerce

Canadian Wheat Board
425 Main Street, Winnipeg, Manitoba
Chief Commissioner, W. C. McNamara

✱Dominion Bureau of Statistics
Tunney's Pasture, Holland Avenue, Ottawa, Ontario
Dominion Statistician, W. E. Duffett

Export Development Corporation
(formerly Export Credits Insurance Corporation)
Halifax Building, 309 Cooper Street, P.O. Box 655, Ottawa, Ontario
President and General Manager, H. T. Aitken

The activities of these organizations are described in their
respective annual reports.

✱The Dominion Bureau of Statistics is a Department of Government.

STATUTES FOR WHICH THE MINISTER OF INDUSTRY, TRADE AND COMMERCE IS RESPONSIBLE

	Designated by statute to be responsible for whole statute	Designated by statute to be responsible for part of statute	Designated by Order-in- Council
Government Organization Act 1969, Part III.....	.....	.....X	
National Design Council S.C. 1961, C. 24.....	.....X		
Industrial Research and Development Incentives Act S.C. 1967, C. 82.....	.....X		
Export and Import Permits Act S.C. 1953-54, C. 27.....	.....X		
Canadian Corporation for the 1967 World Exhibition Act S.C. 1962, C. 12.....	.....	.....	P.C. 1964-254
Export Development Act Part I.....	.....	.....	P.C. 1969-1769 11/9/69
Corporations and Labour Unions Returns Act R.S.C. 1952, C. 26.....	.....X		
Statistics Act R.S.C. 1952, C. 257.....	.....X		
Defence Supplies Act R.S.C. 1952, C. 64.....	.....X		
Income Tax Act R.S.C. 1952, C. 148.....	.....	(Section 20, subsections (12), (15) & (16)	
Canadian Wheat Board Act.....	.....X		
Prairie Grain Advance Payments Act.....	.....X		

Appendix "L"

Financial Statement for the year ended March 31, 1970

STATEMENT OF EXPENDITURES

Departmental Administration

1969-70

Vote

1	Departmental administration	\$ 4,611,995
Statutory	Minister of Industry, Trade and Commerce -	
	Salary and motor car allowance	17,000

Trade and Industrial Development

10	Administration and operation	32,698,030
20	Grants and contributions to promote industrial development	68,734,957
Statutory	Pensions for former locally-engaged employees of offices abroad	866
Statutory	General incentives to industry for the expansion of scientific research and development in Canada	23,000,015
	Loans to assist manufacturers of automotive products in Canada	16,423,907
	Advances to assist Canadian defence industry with plant modernization	6,113,468
	Loans to assist the pharmaceutical industry in the manufacture and marketing of lower-priced prescription drugs	196,500

Tourism Development

25	Tourism development	11,090,432
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World Exhibitions

30	Canadian Government participation in world exhibitions	4,104,479
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Grains

35	Payments to facilitate sales of wheat on credit to developing countries	\$ 171,060
	Contribution to the Canada Grains Council	25,996
36b	Payment to reimburse the Canadian Wheat Board for losses in 1968-69 pool accounts	39,962,234
Statutory	Payment of carrying costs of temporary wheat reserves	\$66,306,310
Statutory	Payments in connection with the Prairie Grain Advance Payments Act	13,001,993
Statutory	Payments in accordance with the Prairie Grain Provisional Payments Act 1969-70	11,571

STATEMENT OF REVENUE

Return on investments

Interest on loans to Export Development Corporation	6,402,365
Interest on loans to assist manufacturers of automotive products	1,688,916
Sundry	94,186

Privileges, licences and permits 67,252

Proceeds from Sales 851

Refunds of previous year's expenditures

Royalties re other aircraft	266,760
Royalties re Buffalo aircraft	50,000
Sale of sound ringing service test models	418,977
Repayments re PAIT	137,935
Return of Assistance Vote Contributions	915,880
Sundry	364,322

Miscellaneous

Export Development Corporation excess of premiums over amount required to meet expenses	\$ 91,329
Sundry	18,491

Appendix "M"

MINISTER'S ADVISORY COUNCIL

Mr. W. M. Auld
President
Bristol Aerospace Limited
International Airport
Winnipeg, Manitoba

Mr. Ian A. Barclay
President
British Columbia Forest Products Ltd.
1190 Melville Street
Vancouver 5, British Columbia

Mr. W. B. Boggs
President
De Havilland Aircraft of Canada Ltd.
Downsview, Ontario

Mr. J. G. Burchill
General Manager
Geo. Burchill & Sons Limited
South Nelson, New Brunswick

Mr. W. J. Cheesman
President
Canadian Westinghouse Co. Ltd
286 Sanford Avenue North
P.O. Box 510
Hamilton, Ontario

Mr. O. D. Cowan
President and Chairman of the Board
Ontario Steel Products Co. Ltd.
7 King Street East
Toronto 1, Ontario

Monsieur Camille A. Dagenais
Président
Surveyer, Nenniger & Chênevert Inc
1550 ouest, boulevard Maisonneuve
Montréal, Québec

Monsieur Paul Desmarais
Président
Power Corporation of Canada Limited
1, Place Ville Marie, 41e étage
Montréal, Québec

Mr. J. S. Dewar
President
Union Carbide Canada Ltd.
123 Eglinton Avenue East
Toronto 7, Ontario

Dr. James M. Gillies
Dean of Faculty of Administrative
Studies
Room 238, Vanier College
York University
4700 Keele Street
Downsview, Ontario

Mr. Charles Hay
President and Chief Executive
Officer
Gulf Oil Canada Limited
800 Bay Street
Toronto 5, Ontario

Mr. D. S. Holbrook
President
Algoma Steel Corporation
503 Queen Street East
Sault Ste. Marie, Ontario

Mr. E. F. King
President
Dominion Textile Co. Ltd.
1950 Sherbrooke Street West
Montreal, Quebec

Mr. W. S. Kirkpatrick
Chairman and Chief Executive
Cominco Limited
630 Dorchester Boulevard West
Montreal, Quebec

Mr. Charles Kroft
Chairman of the Board
National Grain (1968) Limited
512 Grain Exchange Building
Winnipeg 2, Manitoba

Mr. Allen T. Lambert
Chairman and President
The Toronto-Dominion Bank
P.O. Box 1, Head Office
Toronto-Dominion Centre
Toronto 1, Ontario

Mr. H. J. Lang
President
Canron Limited
1 Place Ville Marie, Suite 1121
Montreal, Quebec

Mr. F. A. J. Laws
Manager
Newfoundland Associated Fish
Exporters Ltd.
120 Water Street East
St. John's, Newfoundland

Monsieur Paul Leman
Président
Aluminium du Canada Limitée
1, Place Ville Marie
Case postale 6090
Montréal 3, Québec

Mr. V. O. Marquez
President
Northern Electric Co. Ltd.
1600 Dorchester Boulevard West
Montreal, Quebec

Mr. W. S. McLean
President
Canada Packers Limited
95 St. Clair Avenue West
Toronto 7, Ontario

Mr. D. F. Miller
President
Canadian Fishing Company
Foot of Gore Avenue North
Vancouver 4, British Columbia

Mr. J. E. A. Nickerson
President
H. B. Nickerson & Sons Ltd.
Commercial Street
North Sydney, Nova Scotia

Monsieur Paul A. Ouimet
Président & directeur général
Conseil général de l'Industrie
Suite 2410
1, Place Ville Marie
Montréal 113, Québec

Mr. John C. Parkin
Managing Partner, Canada
Parkin Architects, Engineers,
Planners,
1500 Don Mills Road
Don Mills, Ontario

Monsieur Charles Perrault
Président
Casavant Frères Limitée
Case postal 38
St-Hyacinthe, Québec

Monsieur I. C. Pollack
Létourneau & associés
65, rue Ste-Anne
Québec 4, Québec

Monsieur J. E. Pontbriand
Vice-président
Marine Industries Limitée
1405, rue Peel
Montréal 110, Québec

Monsieur Lucien G. Rolland
Président
Rolland Paper Co. Ltd.
800, carré Victoria
Montréal, Québec

Mr. K. E. Scott
President
Ford Motor Company of Canada Ltd.
The Canadian Road
Oakville, Ontario

Mr. J. E. Shaffner
President
M. W. Graves & Company Ltd.
P.O. Box 340
Berwick, Nova Scotia

Mr. J. J. Shepherd
President
Leigh Instruments Ltd.
275 Slater Street
Congill Building, 2nd floor
Ottawa 4, Ontario

Mr. J. A. Simmonds
President & General Manager
Central Creameries Limited
P.O. Box 97
Charlottetown, P.E.I.

Mr. I. D. Sinclair
President
Canadian Pacific Railway
Windsor Station
Montreal, Quebec

Mr. R. D. Southern
President and General Manager
Atco Industries Limited
1243 48th Avenue North-east
Calgary, Alberta

Mr. A. K. Stuart
President and General Manager
Electrolyser Corporation Ltd.
22 Cocker Avenue
Etobicoke, Ontario

Mr. E. K. Turner
President
Saskatchewan Wheat Pool
Wheat Pool Building
Regina, Saskatchewan

Mr. W. O. Twaits
President and Director
Imperial Oil Limited
111 St. Clair Avenue West
Toronto 7, Ontario

Mr. D. G. Willmot
President and Chief Executive
Molson Industries Ltd.
P.O. Box 6015
Toronto AMF, Ontario

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